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World news

Thereday June 18 kg

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Business summary

No. 29,653

Sri Lanka Tenneco launches to buy peace initiative gas lines

Clashes between security forces and Tamil extremists which have engulied the south Asian island of Sri Lanka for nearly two years may

ari Lamas for nearly two years may halt in the next few days. This would be the first stage of a peace initiative launched with the help of Indian Prime Minister Rajiv Gandhi who recently held a summit in New Delhi with Sri Lankan President Junius Jeyawardene. Rajiv's vital role, Page 15

Beirut camps accord The Lebanese Shia Moslem Amal movement and the Damascus-based Palestine National Salvation Front signed an agreement to end 27 days of bloody fighting in Palestinian refugee camps in Bearnt.

Afghans destroy jets

Saboteurs destroyed about 20 iet. fighters belonging to the Afghan Air Force at Moscow's largest and best defended airbase in Afghanistan, Western diplomats said. The attack earlier this month seemed to have been the work of Afghans at

Soviet rocket tests

The Soviet Union warned foreign ships and aircraft to avoid an area of the Pacific Ocean where they could be in danger from rocket

French rail strike

French railway unions said they were calling a one-day strike which would disrupt the running of over half of France's rail network.

Polish church talks

Poland's Roman Catholic Primate, Cardinal Josef Glemp, conterted with Communist Party leader Gen-eral Wojciech Jaruzelski for the first time since January 1984.

Spanish killing

Partiers

1.72

A Spanish police corporal was shot dead in the northern Basque town of Santurco. Police sald his murder bore the hallmarks of the Basque separatist guerrilla group Eta.

Dutch pressure

The Netherlands Government proposed that Dutch companies operating in South Africa should be legally bound to give black workers equal treatment to whites.

S.Africa accused

The U.S. accused South Africa of trying to sabotage U.S.-owned oil installations during a raid into Angola last month.

New U.S. ambassador

U.S. Assistant Secretary of State Richard Burt was named ambas-sador to West Germany, despite ap-pareot misgivings in Bonn. Page 3

England win

England's cricketers opened the six-match series with a five-wicket win at Headingley. Australia 331 and 324 (W Phillips 91; J Emburey 5-82), England 533 and 123-5.

U.S. food deal

Washington end Moscow have concluded a new deal on agricultural co-operation similiar to the one broken off by the U.S. in 1980 in protest against the Soviet intervention in Aighanistan, Page 2

China reshuffle

China announced a government reshuffle, bringing in technocrats to head key ministries connected with economic development and putting a vice-premier in charge of educa-tion. Page 16

Policeman killed

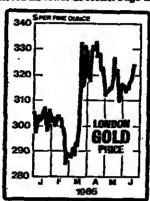
An Ulster policeman died near Kinawiey, Northern Ireland, when IRA terrorists detonated a 1,000 lb bomb under his car,

Goodyear

TENNECO, the diversified U.S. energy and industrial conglomerate is stengthening its position in the natural gas pipeline industry with the \$500m acquisitionof Goodyear's pipeline and other gas activities in Louisiana. Page 17

TOKYO shares lost ground led by selling of blue chip and biotechnology stocks. The Nikkei-Dow market average fell 28.17 to 12,741.11.

LONDON trading remained sub-dued, although gifts received sup-port. The FT Ordinary share index closed 2.5 lower at 985.80. Page 42



GOLD rose \$5.50 an ounce on the London bullion market to finish at \$324.75. It was also higher in Zurich at \$323.75. In New York the Comex August settlement was \$350.50.

WALL STREET at 3pm the Dow Jones industrial average was 4.14 higher at 1,302.53. Page 42

STERLING was higher in London gaining 2 cents against the dollar to finish at \$1,2995. It also rose to DM 3.935 (DM 3.915), SwFr 3.3 (SwFr 3.2925), FFr 12.025 (FFr 11.9575) and Y322.0 (Y318.25). The pound's ex-change rate index rose to \$0.5 from 79.7. Page 35

DOLLAR fell in London, closing at DM 3.028 (DM 3.0615), SwFr 2.5385 (SwFr 25745), FFr 9.2425 (FFr 9.335) and Y247.5 (Y248.65). On Bank of England figures, the dollar's exchange rate index fell to 144.2 from 145.2. Page 35

U.S. about pending U.S. trade pro-tection measures which could hit Italian exports of shoes and pasta. SINGAPORE stockbrokers are angry over legislative proposals which, if enacted, would bring them under supervision of the Monetary Authority of Singapore, the Govern-ment's powerful regulatory agency for the island's state banks. Page 19 EUROBOND market was hit with a further rush of floating rate notes including a \$400m deal for Belgium and a \$250m issue for Banque Na-

tionale de Paris. Page 17 SONY, the Japanese electronics group, lifted net profits in the first half 8.8 per cent to Y38.11bm (\$153.2m) against Y35.01bn, on turn-over 11.8 per cent ahead at Y679.86bn, Page 19

HONEYWELL, major U.S. computer manufacturer, said it expects second-quarter earnings to decline "sharply" from the \$1.70 per share earned in the second quarter last

NORSK HYDRO, the Norwegian industrial and energy group, plans to buy a majority stake in Cofaz, the French fertiliser company, through purchases from two French concerns which together hold 80 per cent of Cofaz's shares. Page 17

CUMMINS ENGINE, the leading U.S. manufacturer of diesel engines for heavy duty trucks, is to cut 2,200

IBM. the world's largest computer maker, increased the pressure on its rivals with a raft of price cuts and new product announcements. Page 17

UNION BANK of Hong Kong, one of the territory's medium-sized banks, reported a 92.5 per cent slide in 1984 net earnings to HK\$2.8m

Cut in prime fuels ... set hopes of fall in U.S. discount rate

large New York commercial bank, cut its prime lending rate from 10 per cent to 9% per cent yesterday, a move that took the prime rate of a major U.S. bank back into single figures for the first time since Sep-

The move, quickly mirrored by other leading banks, spurred re-newed speculation on Wall Street about a cut in the Federal Reserve's discount rate from its current level

The reductions follow significant declines in market interest rates in recent weeks which have lowered the cost of funds to the banks themselves and which Wall Street sees as evidence of a continuing effort by the Federal Reserve to ease its monetary policy in the face of the weakness of the U.S. economy. Morgan Guaranty's reduction in

the benchmark corporate lending

rate, coupled with a further decline

in short-term U.S. rates, helped bu-oy the recent bull market rally in bond prices while sending the dollar tumbling on the foreign exchange markets. In the credit markets, the key Treasury long bond price had gained a further % of a point by hunchtime, sending the yield tum-bling to 10.25 per cent. Equity prices

selling pressure, falling in early ac-tive trading to DM 3.026. Sterling tion, in mid-May, money market climbed back to \$1.30 in New York

after closing at \$1.2995 in London. now widespread belief on Wall rate reduction yesterday.

Street that a further Fed discount Bank certificate of deno Street that a further Fed discount rate cut is imminent Signalling this, U.S. money market rates fell over the past month while three again yesterday with Treasury bill month T-bill rates have dropped by rates declining by up to 10 basis

funds rate, often viewed as a key in-dicator of the U.S. central bank's intentions, dropped to 8.75 per cent in early trading before the Fed stepped in to drain reserves through overnight matched sales. The Fed's action, which came with the funds rate trading at 6% per cent, was quickly brushed off by the markets, which generally viewed it as an attempt by the Fed to slow the sharp decline in rates, rather than an indication that an early dis-count rate cut was being ruled out. Mr Brian Fabbri of Salomon

Brothers described the Fed's open market activities as an overt "steadying" action, designed to warn the market away from respecting a full point reduction in the current 7.5 per cent discount rate, while never-theless signalling its acceptance of 7 per cent Fed funds rate which also edged higher in response to lower short-term rates, while in the would imply a more modest half New York foreign exchange mar- point reduction in the discount rate.

BY STEWART FLEMING IN WASHINGTON AND PAUL TAYLOR IN NEW YORK MORGAN Guaranty Trust, the kets the dollar came under renewed. Since the previous prime rate cut

> continued to tumble - paving the The dollar's decline reflected the way for the long-expected prime

three quarters of a full point. Meanwatched king-term rates tumble to the lowest levels for five years and rates on commercial paper, an increasingly popular corporate afternative to short-term bank borrowings, fall by about 65 basis points.

Among the other major banks to match Morgan Guaranty's move yesterday were Bankers Trust, Cit-icorp, Chemical, Chicago's Continental Illinois and BankAmerica on the West Coast

Yesterday's half point cut was the latest in a series of reductions which have steedily brought the lending rate down from its 1984 peak of 13.5 per cent lest August.

The move by Morgan Guaranty followed the announcement by the Commerce Department yesterday of a surprising simmp in housing

Money markets, Page 35; Stock markets, Page 42

Britain attacks Brussels over pollution controls

at (OECD) in Paris.

BY ANDREW GOWERS IN DARK

mission clashed openly yesterday on the controversial question of pol-lution controls, in a foretasts of what is expected to be a full-scale EEC row over vehicle exhaust emission next week.

ITALY expressed its concern to the ow Clinton Davis, the UK's junior KEC commissioner responsible for transport and the environment of paying insufficient attention to the views of industry in sions between individual EEC

ers in deciding whether to invest drawing up environmental legisla-states and the Commission, which tion. Mr Clinton Davis immediately is likely to reach a new peak at a

BRITAIN AND the European Com- tarian view of environmental legis- Minister, will be lobbying hard on lation and an approach based on the subject for the remaining two consensus such as is practised by days of the meeting.

Britain and the Netherlands, The argument stemmed from the furmed part of a general policy dis
Commission's announcement earlicossion at a meeting of environ- er this month of technical stan

ion's announcement earliment ministers from the 24 mem- dards for vehicle emissions which Mr Patrick Jenkin, Britain's En- ber states of the Organisation for are said by Britain, France and Haviroument Secretary, accused Mr Economic Cooperation and Devel- ly to undermine an earlier compro-But it comes against the back- reached by all EEC ministers.

further in the development of socalled "lean burn" engines or to fit rejected the charge.

The sharp exchange, which Mr

Jenkin said reflected a difference
between the Commission's "authori
the junior British Environment called "lean burn" engines or to fit their vehicles with potentially costthe junior British Environment Continued on Page 16

Goodrich to write off \$365m in sweeping reorganisation

\$500m of its assets during the reorganisation. Mr John Ong, chair-

man, said yesterday. Although Goodrich would emerge as a small-

of \$67m on sales of \$3.4bm, up from

earnings of \$10.3m on revenues of

The main cuts are to occur in the group's polyvinyl chloride (pvc) di-vision, with is claimed to be the

world's largest manufacturer of pvc

compounds. More than half of the

the group's sales.

\$3.2bn in 1983.

BY TERRY DODSWORTH IN NEW YORK

U.S. tyre manufacturer, is to write sents a more fundamental effort to write downs in this sector, where off \$365m as part of a sweeping reorganisation programme aimed at raiders.

Goodrich intends to sell about of the facility in Long Beach, California down it induction and Goodrich intends to sell about of the facility in Long Beach, California down it induction and Goodrich intends to sell about of the facility in Long Beach, California down in the facility will be rectared to the control of the facility of the facility in Long Beach, California down in the facility will be reduced by around 10 per cent by the shutchest and the facility in Long Beach, California down in the facility in Long Beach, California down in the facility will be reduced by a control of the facility in Long Beach, California down in the facility will be reduced by a control of the facility in Long Beach, California down in the facility will be reduced by a control of the facility in Long Beach, California down in the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control of the facility will be reduced by a control slimming down its industrial divi-

Goodrich's move follows a number of similar projects at several other large U.S. companies, such as ITT, Textron and Beatrice. The main intention of these restructuring efforts has been to streamline companies around their strong points, while raising each, improv-ing operating performances and lifting their share prices through

jobs over the next few weeks. Page 17 One of the incentives for action at Goodrich may have been an embarrassing encounter last December with Mr Carl Icahn, the Wall Street investor, who forced the company to buy out his 5.5 per cent shareholding at a substantial premium — one of the most clear-cut examples of the much-criticised "greenmail"

Since then. Goodrich has adopted (\$360,000). Page 19 certain anti-takeover devices, but

B. F. GOODRICH, the third largest its decision to restructure repre- \$365m charge will be related to the

Goodrich is also planning to sell its chemicals facility at Convent, Louisiana, where it makes a variety of products including pvc feedstock.

er company, it would also become "much more" profitable, he added, because these assets produced an In the industrial division, the group is intending to sell its indusoperating loss last year of about trial construction and mining prod-\$22m while generating a quarter of ucts activities, which were acquired in 1978. The tyre business is to be further streamlined in a way that The write-off will reduce by about will reduce assets employed in this a third Goodrich's net worth of a little over Sibn and cut equity per share to about \$32 from \$48 at the sector by a quarter.

"Our pvc and tyre operations will end of the first quarter of this year. become substantially more profit. In 1984, Goodrich made net profits able when this restructuring is complete," Mr Ong added. "And with much of the cash we receive from divestments and from lower working capital requirements, we will be able to reduce debt and expand our more profitable business

> Goodyear sells gas pipelines, Page 17

for long wait over hijack hostages

By Reginald Date in Washingt and Tony Walker and Nora Boustany in Beirut

THE U.S. Government was yesterday resigning itself to the possibility of a long ordeal over the 30 to 40 American hostages still held in Beirut after Friday's hijacking of a TWA airliner by Shia terrorists. The hijackers are demanding the elesse of more than 700 Shias held

in an Israeli jail. Mr Nabih Berri, leader of Amal, the Shia militia, appealed yesterday to the U.S. to put pressure on Israel to end the crisis. In Jerusalem it was again stressed that only a direct appeal

from Washington would lead Israel to consider releasing the prisoners. The White House welcomed yes

terday's release of three of the cap-tives, including two Americans, by Mr Berri who has assumed responsibility for the hostages. But in some of the strongest language it has yet used, it condemned the piecemeal nature of the release as uncivilised behavior in its worst

Mr Larry Speakes, the White House spokesman, repeated that Washington was not asking Israel to free the Shia prisoners. He also lenied reports that the U.S. had asked the International Red Cross to negotiate with Israel for the prisoners' release.

Asked if he foresaw the crisis dragging on for a long time, Mr Ro-bert McFarlane, Mr Reagan's na-tional security adviser, replied: "I am afraid that is right." Mr Berri had earlier said that the remaining hostages could be treed in 24 hours if the U.S. put pressure on Israel to liberate the Shia detainees.

Mr Berri complained yesterday that Washington had said and done nothing to facilitate the release of the hostages. He accused the U.S. of being unprepared to exert pressure

As he spoke, American warships, including the aircraft carrier Nimits, moved into East Mediterranean waters off the coast of Leba-

Mr Berri has threatened to abandon the American passengers to the hijackers if no progress is made in negotiations for the release of the Lebanese Shias held in Israel.

violating the Geneva Convention by moving prisoners of war from southern Lebanon across the international border. The move was criticised when it took piace in April Continued on Page 16

Israel's self-inflicted crisis, Page 4

Philips seeks tough action against Japan

BY GUY DE JONQUIERES IN LONDON

measures against what it claimed ics industry.

was Japan's goal of attaining a monopoly positioo" in some high-technology products, notably consumer electronics.

"One way of achieving this is to ensure that in strategically important sectors where Japan pursues a strategical sectors where sector sumer electronics.

Mr Gerrit Jeelof, executive vicepresident of Philips, told the Finan-cial Times World Electronics Conference in London that in certain sectors where Japan competed unfairly, the EEC should insist that us of over 60 per cent. he said, Japan competed unfairly, the EEC should insist that us of over 60 per cent. he said, Japan competed unfairly, the EEC should insist that us of over 60 per cent. he said, Japan competed unfairly, the EEC should insist that us of over 60 per cent. The said of the said more than 60 per cent of the value anese owned plants in Europe could

fire from Mr Jacques Stern, chair-man of Bull, the state-owned French computer company, who said it was essential for the health of European industry that Europe's markets be open to outside competi-

"I am not in favour of any protectionism." Mr Stern said. "It could give the illusion that it would help European industry in the short term but would condemn it in the long term. I am for an opeo market

with free competition." Mr Jeelof said that, in consumer lectronics, Japanese exports to the EEC were 365 times larger than its imports from the EEC. Defensive action must be taken against a Jap-anese "invasion" which aimed at

PHILIPS, the large Dutch electrical creating "selective monopolies" and and electronics group, yesterday threatened the survival of impor-called for tougher European trade tant parts of the European electron-

U.S. telecoms: after

divestiture, Page 14

the AT&T

policy of one-way traffic, a sufficiently large share of the European

market is for goods with a 'Made in Europe' label." Mr Jeelof said. "This label must only be awarded of products sold in Europe was added locally.

His proposal immediately drew maintain employment in key sold sold. maintain employment in key sec

Existing Community rules do not specify precisely how much of a product's value has to be added locally to qualify as being of European origin, but the generally accepted yardstick is a minimum of 45

per ceot. Under strong pressure from Philips and the French Thomson group, the European Commission recently proposed and increase from 8 per cent to 14 per cent in the EEC tariff on video cassette recorders, at a cost to European consum ers of about \$500m a year.

Philips plans deal in China, Page 3; Conference report, Page 12

Eanes tries to avert Portuguese election

BY OUR LISBON CORRESPONDENT

Eanes yesterday appealed to political parties to spare Portugal the cost of an early general election by supporting a new government to replace the collapsed coalition of Socialists and Social Democrats. The President's message to par-

liament was a plea to the parties to government with a programme aimed at tackling the country's early and only mooths before most pressing problems and avoiding the upbeaval of elections during government elections would launch The Shia leader accused Israel of the crucial approach to EEC entry in January.

parliament had only a narrow membership. chance of success given that three of the country's four main parties had already called for a general tween the coalition parties to hold election to resolve the crisis caused the Government together until after

PRESIDENT Antonio Ramalho two-year-old coalitico on June 13. The President's appeal for a political truce in the oational interest closely echoes the position of the Socialist Party of Sr Mario Soares, the Prime Minister, who has defended calling a general election on-

ly as a last resort. The President and Sr Soures, forreach a consensus that would en-sure parliamentary support for a pear to share a commoo view that dissolving parliament two years of divisive campaigning and jeopar-President Eanes recognised that dize implementing economic his attempt to avert a dissolution of forms essential to successful EEC

The President's attempt at conciliation could result in agreement bewhen the Social Democrats quit the the presidential elections.

City of London 50,000 sq.ft. opposite Lloyds West End SW1, 3,000, 19,000 sq.ft. air conditioned Manchester Banking Hall Offices of Otto Francis Banking Hall Offices Banking Hall Offices Offices Offices Banking Hall Offices Offices Offices Banking Hall Offices Banking Hal Paris Etoile 1.100m² self contained superbrefurbishment Paris 3° Faubourg St. Honore 1,320m? Banking Hall, 1,150m? offices Frankfurt 23 00 76 Superb Offices 2,028m² International Property Consultants

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Chevron: way clear to justify Lex: exchange rates; PSBR: Gulf deal 9 Sony; UAL/Hertz 16 Tibet: anniversary gives no Fiat: engine output to race cause for celebration 10 ahead at new plant 20 Editorial comment: Italy; UK Management: where are

Soviet Union and **U.S.** to resume farm collaboration

BY PATRICK COCKBURN IN MOSCOW

The agreement to co-operate in the exchange of information, research and the application of technology does not cover grain sales. It does show, bowever, that the U.S. is keen to ensure that the Soviet Union remains a significant purchaser of its grain: it bought 20m tonnes last year.

Co-operation has been established on 20 topics in 1985-86. Each country will send 11 teams of scientists to the other, and the U.S. will receive more information on Soviet crops, "though not as much as we would like." Mr Amstutz said

mean greater warmth in rela-tions between the superpowers worsened

THE SOVIET UNION and the tho result of an initiative by U.S. are to resume agricultural President Ronald Reagan last co-operation after six years, Mr year to increase bilateral co-Daniel Amstutz, the U.S. Agri-operation in a number of culture Under-secretary, said limited areas.

Soviet grain purchases are expected to decrease over the next year because of a larger domestic barvest which the U.S. Department of Agriculture esti-mates will reach 195m tonnes this year compared to less than 175m tonnes in 1984. One agricultural specialist in Moscow said yesterday that the final figure might total about 200m

Much will depend on the weather which is cool at present in the north of the country and very hot in the plains of Razakhstan in the south.

Agriculture was heavily criticised by Mr Mikhail Gorbachev, the Soviet leader, in a speech last week in which he said that the return on capital investment in this sector—onewhich bave worsened investment in this sector—one-significantly since January. Yes-terday's agreement is primarily vestment—was very poor.

lishments and governments, according to the communique issued after the 2-day meeting. As e step in this direction,

ties and capabilities.

Europe aims for military high-tech collaboration

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

Unrest in Spanish police

THE HEAD of Spain's national from the National Police, wa

The reported move by Lieu-tenant-Colonel Paulino Garcia Diez and several other senior officers seconded from the army to the police, comes during e to the police, comes during e their posts but places them

to the police, comes during e tion keepa military officers in resurgence of violence in the their posts but places them region, in which the National under chiefa of the plain-clothes

isation.

A member of the Civil Guard, a paramilitary force separate the National Police.

THE NEW Gibraltar commercial shiprepair yard Gibrepair is "losing money benyily" and if the present rate to the workforce, Mr Abbott says poor productivity is one of the reasons why the cost of toss continues "tho company is losing money. He adds that productivity, which could go out of business before the end of next year," its mansging director, Mr Brian Abbott, regard as normal.

Gibraltar,

Gibraltar yard at risk BY JOSEPH GARCIA IN GIBRALTAR

superior police corps.

The two forces are due to be merged by the ond of next year

The company states that it

cannot afford a pay claim by the local branch of the Transport and General Workers Union,

saying its bourly rates are already the highest in

Gibrepair wants to employ more workers to reduce over-time levels, described as "too high." It is trying to recruit workers in Britain and Spain,

police in the Basque region is shot dead yesterday et Santurce

THE DEFENCE ministers of area, actively involving indus-13 European nations agreed in trial companies, research estab-London yesterday to launch a co-operativo research programme in five specific areas of advanced technology with mili-

The areas selected by members of the Independent European Programmo Group, the purpose of which is to promote European armaments co-operations armaments co-operations are armaments. tion, are: microelectronics; high strength lightweight materials; compound materials; image pro-cessing; and conventional war-bead design. Projects will be funded jointly on a case hy case basis.

Mr Jacoh de Ruiter the of the group, said at a news cooference that this was the first time that multinational defence research co-operation had been approached in such a thorough fashion.

a thorough fashion. Some 30 technological areas Some 30 technological areas terial level, so as to keep up have been identified by the the momentum of European IEPG as fields for possible co-armaments co-operation. At the operation. The ministers have same time, they emphasised the expressed firm determination to need to strengthen the dialogue make further progress in this between Europe and the U.S.

Police bas been the prime tar-get of shootings and bombings by the ETA separatist organ-

says,
The company was created with £28m of British aid to replace the old navat dockyard

which closed at the end of last

In its first three months of operation, the company had spent about balf the aid money,

which was made available for refurbishment and to meet run-

ning costs as necessary in its early years of operation, Britain bas also guaranteed £14m-worth

the ETA separatist organ-

IRI chief unrepentant on sale of subsidiary.

By James Buxton in Rome and Alan Friedman in Milan

PROFESSOR Romano Prodi. chairman of the Italian state holding company IRI, said yesterday that he would carry on in his job despite the "deep wound" IRI has suffered in the affair concerning the privatisation of its subsidiary, SME.

"I am going to press on."
he said. "I am not resigning because in the end yon have to see who wins. Victory means the defence of IRI's strategy to sell its subsidiary in the most correct and transarent way possible." His position as chairman of

the vast holding company, which last year had sales of more than £15bn, has been threatened in the past few weeks by humiliating reverses in the attempt to sell off SME, a holding company for IRI's interests in the food industry. In late April. Sig Prodi agreed to sell SME to Buitoni, a private sector foods group controlled by Sig Carlo de Benedetii, for L497bn (£200m) But the deal ran into serious political opposi-tion and was never ratified by the Government, Instead counter offers were reiceved

offering more money than Buitoni and an informal anction began which Sig anction began which Sig Prodi was powerless to stop. Finally last week, IRI recommended to Sig Clelio Darida, Minister of State Shareholdings, that ho accept the Buitoni offer. But the Minister replied by strapping the deadline that had been set and telling IRI to start considering bids all over again. It was confirmed yesterday that Buitoni has instructed its lawyers to take legal action

they have accepted a proposal by Mr Michael Heseltino, the British Defence Minister to host a conference in London of directors of national research lawyers to take legal action in an effort to compel IRI to honour its agreement. The action could come before magistrates in the next few and development establish-ments to discuss the more efficient use of European facili-Clesrly with an eye on the French-inspired Eureka prodays. Bultoni has the option of suing IRI for damages if gramme for European technolo the agreement is not bonoured. gical co-operation in the civilian field, the ministers said that, in working out their technolo-

Sig Darida yesterday attended the start of a large conference called by Sig Prodi gical programme, account should he taken of parallel developments in Europe,

The ministers also decided that, in future, all their meetings would take place at ministerials of the place at ministerials. to review the general state of IRL He said he had the utmost confidence in Sig Prodi who had acted correctly.

He blamed what had happened on the novelty of the situation and on the contradictory nature of the rules on privatisation.

Police search Ambrosiano director's homes

police in the Basque reported to have tendered his resignation, in the latest stage of a long-running conflict over reorganisation of the police force.

The reported move by Lieuton Carcia though officially a civilian force, it includes almost 300 force, it includes almost 30 MILAN MAGISTRATES
invest puing the 1982
collapse of Banco Arabresiane
have ordered a police search
of the horsest and nave ordered a police search
of the houses and offices of
Sig Luigi Lucchini, president
of the Communicatia
employers' association. The
search by the Guerdia di
Finanza, or fiscal police, was
carried out because of
suspicious that the 66-year-old
Sig Lucchini might have Sig Lucchini might have illegal foreign exchange hold-

ings outside Italy.
The magistrates visited the The magistrates visited the Bahamas recently as part of their investigation of the overseas network of Banco Ambrosiane. It is not known whether this visit was related to the investigation of Sig Lucchini. He was a shareholder in the failed bank and a lineater of Court the a director of La Centrale, the Ambrosiano financial sub-

sidiary. On Sunday night and Monday morning Italy's fiscal Monday morning Italy's fiscal police entered and searched Sig Lucchini'n home in Brescia, the home of his son also in Brescia, the offices of his steel company in Brescia, his offices at Confindustria in Rome and his holiday homes at Sanremo and Cortina. Sig Lucchini's reaction to the searches was "surprise and astonishment." The Confindustia president; who has played a key role in negotiations over the Scala Mobile wage indexation said he had "a clear conscience."

Prospects fade for EEC treaty conference

There was a growing con-sensus that the EEC heads of government meeting in Milan next week should agree on a mini-treaty or protocol to step up their political co-operation and co-ordination of foreign

The British initiative for the EEC summit to take firm decisions on more majority EEC summit to take firm short of giving full legal subdecisions on more majority stance to any decisions from full-scale conference being voting, a deadline for completing the common market by of political co-operation, on be premature.

PROSPECTS FOR a full-scale 1990, and a formal framework which the UK is ready to EEC inter-governmental confor political co-operation—but approve a protocol for legal ference to amend the Treaty of without amending the Cominstruments. This would both

> The plan was spelt out in greater detail by Sir Geoffrey Howe, the UK Foreign Secretary, with the promise that British "pragmatism" should be linked with "the idealism that is necessary to take the important step forward for the future of Europe."

The British plan still stops

taking national initiatives.

Other foreign ministers, including Herr Hans Dietrich Genscher of West Germany and M Roland Dumas of France, stressed the need for "concrete decisions" to be taken at Milan. While neither flatly excluded a

ference to amend the Treaty of without amending the component of the European union, spanned ground at the latest ordinato foreign policy consultation by the member states, and amount to a hinding agree pean Parliament, and specification by the EEC members to ally how to complete the internal market and develop a member states.

The plan was spelt out in foreign ministers to draw up "technological community." The Luxembourg summit in Luxembourg summit in December would then take final

> The British proposals would, among other things, seek to restrict the use of the Luxembourg compromise, which provides an effective power of national veto over Community decisions, and to extend the

M Dumas said the summit areas for majority veting. The could give a mandate to EEC latter would be done by the heads of government reaching a political agreement reacting a political agreement not to insist on unanimity on specific decisions, where they had agreed at the summit level on a general goal — such as the completion of the internal markets by 1990.

The foreign ministers

• The foreign ministers considered for the first time the considered for the first time the approach by Comecon to reopen talks on o general agreement for closer co-operation. They instructed the Commission to investigate whether such talks could be carried out without jeopardising current relations between the EEC and individual members of Comecon.

Romania

seeks loan

of \$150m

By Peter Montagnon Euromarkets Corresponden

ROMANIA has approached its main bank creditors for a \$150m.

main bank creditors for a \$150m. (£125m) two-to-three-year loan, its first significant borrowing in

the Euromarkets aince 1980. The approach marks an open

Church-state relations improve in Poland

CARDINAL JOZEF CLEMP, and General Wojniech Jaruzelski met for the first time since January 1984, in the most public sign that church and state in Poland are back on speaking terms after the victoriudes of the Populary total the Popioluszko trial.

Relations reached a nadir after the murder last October after the mirroer last October of Fr Jerzq Popieluszko, the pro-Solidarity priest, and the subsequent trial of his security police killers which saw sustained attacks on the church for allegedly playing too large

At yesterday's four-hour meet-ing, Gen Jaruzelski is likely to

have pressed the cardinal to rem in his politically-ont-spoken younger clergy. The latter will no doubt have raised issues such as the planned restriction of university autonomy and the recently-ended trial of three Solidarity leaders. One of the three, Mr Adam Michnik, has smuggled a protest letter out of prison where he is starting e three-year sentence for illegal union activities.

The meeting opens what the authorities hope will be a consultation to achieve the voter turn-out of more than 80 per cent which it wants.

The church, for its part, still wants final Government permission for its scheme to funnel western aid into agriculture.

The official organisation representation to achieve the voter turn-out of more than 80 per cent which it wants.

The church, for its part, still wants final Government permission for its scheme to funnel western aid into agriculture.

The official organisation representation to achieve the voter farmers (CZKIOR), meanwhile, is holding a two-day that the 10 per cent rise will

authorities hope will be a conciliatory period in internal

The official organisation representing farmers (CZKIOR), meanwhile, is holding a two-day meeting in Warsaw in support of a 23 per cent sverage rise

that the 10 per cent rise will cover little more than the

The approach marks an open reversal of President Nicolas Ceausescu's previous determination not to borrow from Western banks. But it was made necessary by strains on the country's foreign exchange cash flow as a result of this year's hard winter.

Bankers say that there is no current risk that Romania, which faces debt service charges this year of \$2.2hm, will have to undertake another rescheduling of its \$8bm foreign debt.

Romania last rescheduled in

Romania last rescheduled in 1983, but managed to avoid a repeat exercise last year, largely by dint of a draconian austerity policy.

Kr.:12.

However, the winter remained severe until April this year, necessitating extra fuel imports and delaying exports as well as plantings for this year's grain narvest.

Last month this forced Romania to obtain an \$80m short-term bridging loan from four major banks — Barclays, Deutsche, Manufacturers Hand-ver, and Union Bank of Switzer-

In addition to these four, it is now turning to other banks on its advisory committee of leading creditors for the \$150m operation.

These are Bank of America, Banque Naionale de Paris, Crédit Lyonnais, Lloyds and Société Générale. There is some prospect that once terms are agreed, the loan might be put out for limited general syndica-tion with other institutions.... Also, Mr Alan Whittome, Director of the International partment, is to visit Romania next week. He is expected to discuss Romania's need for further IMF assistance, but it is not yet clear whether Romania

will seek a further IMF programme.

Drawings on Romania's provious IMF programme were quietly abandoned by mutual agreement last year after dis-agreements over exchange rate policy, with Romania saying it wanted to allow its currency, tho leu, to appreciate.

Swiss likely to abstain on bank vote

By John Wicks in Zurich THE Swiss Government has indicated openly that ft intends to abstain from voting on an OECD roposal to remove banking secrecy protection in the tax sector. Dr Otto Stich, the Finan-cial Minister, says there can be "no question" of Switzerland agreeing to the recommendation which also foresees the inter-

which also foresees the inter-national exchange of fiscal information.

He told Parliament that a Swiss veto would "block the work of the OECD fiscal com-mittee." Although he declined to disclose exactly what moves the Government will take, he specifically mentioned the possi-hility of abstention. An abstain-ing momber country would not The Prime Minister has made clear, however, that increased hillity of abstention. An austaliant hillity of abstention, An austaliant hillity of abstention. An austaliant hillity of abstention, An austaliant hillity of abstention. An austaliant hillity of abstention. An austaliant hillity of abstention.

politics in the run-up to the of a 23 per cent sverage rise October I3 parliamentary elec- in procurement prices from Paul Betts examines an experiment at the Rospo Mare field

Elf tries new slant on oil drilling

JUST OUT of view of the Aquitaine has been conducting an unusual experiment in oil to four additional horizonal drilling which is being observed with growing interest hy other international oil comests of the Rospo Mare venture

panies.

The French state-controlled oil group is testing a novel technique known as horizontal drilling on its large Italian offshore oil field of Rospo Mare. Instead of drilling in the conventional vertical fashion. Fif is trying to do the fashion, Elf is trying to do the opposite. After starting ver-tically, Elf has gradually turned

people to have successfully com-pleted a horizontal well and we has been waterflooding. "If we now intend to go into full pronow intend to go into full production using this technique at Rospo Mare." said M Jacques Bosio, Eif's deputy research manager who has been one of the main forces behind the technique's development. He acknowledged that other com-panies and countries have experimented with borizontal drilling, and some before Eff. but so far none have made it

work.

The stakes in Italy for Elfare now high. It plans to invest Li70bn (£68m) in drilling initially four borizontal wells at Rospo Mare and production is due to start at the duction is due to start at the

Norwegian oil

platform strike

A STRIKE by production workers on Norwegian offshore

platforms was called off late on Monday, after only three hours, when it was ruled illegal by Norway's labour court. The court said the OFS union had

failed to give employers 14 days strike notice.

strike notice.

The stoppage—which OFS bad planned to last 12 hours—was in support of a drilling rig strike by memhers of an affiliated union, ROF. Because it hit production rather than exploration, its consequences for Norway's economy were more

Norway's economy were more serious and immediate than the

called off

By Fay Gjester in Oslo

end of next year or early 1987. Pescara marina, about 15 If the venture is a success, Elf miles out in the Adriatic, Elf and its Italian partner, Agip.

"One of the principal interests of the Rospo Mare venture for Elf is that, if successful, it tions into a showcase for our group's horizontal drilling technology and production of heavy crudes," said M Jean-Claude Vauchez, Elf Italiana's manag-ing director.

The Rospo Mare discovery

was made in 1975, but Elf only opposite. After starting verucially, Elf has gradually turned the drill under the seabed to make an angle of 90 degrees, enabling it to enter horizon-tally inside the oil deposit. It has managed to drill as much as 600 metres horizontally in 200m tonnes in place and the figure could go up to 180m, as 600 metres horizontally in 200m tonnes—but the crude is the oil reservoir using this heavy, thick 11 degrees API-technique.

"We believe we are the first technique.

"We believe we are the first of the nature of the deposit.

people to have successfully comOne of the main problems way the water under the oil deposit would rapidly flood the well. Using the horizontal sys-tem we can keep the water at bay for longer and extract more oil," M Bosio said.

Horizontal drilling is more ex-pensive than vertical drilling, but the recovery rate is much higher. "At first people thought it would cost 10 times more to drill horizontally; but we have now been able to bring the costs down to about three times more than a vertical well. As



M Bosio said. Elf, which after Agip is the largest oil explorer and pro-

petrol stations and centering activities around its Adriatic oil and gas production. It main-tains a number of specialised oil

The petrol station network, like those of other oil com-panies, had been losing "several billion lire," according to M. Vauchez. "We were lucky

decline was looking for a domestic network to place the output from his refinery." Elf also sold to Agip a 10 per cent stake in the Vega off-shore field in Sicily. As it was not an operator in Sicily, Elf preferred to concentrate its efforts and risks on Rospo Mare. It has no regrets about the decision. Production at Vega was due to start originally in the middle of next year but a series of problems, including Sicily's insistence that the platform be built on the island and not on

ducer in Italy, claims it can producing at Rospo Mare before ducer in Italy, claims it can we will be profit from its said. Italian heavy crude production by selling it for the Italian tarmac market. "At \$21 a tarmac market. "At \$21 a tarmac market. "At \$21 a tarmac market. "At \$22 a tarmac market the producing at Rospo Mare before producing at Rospo Mare before yellow." M Vauchez to market the horizontal drilling to market the horizontal drilling The French company has now restructured its operations in Italy, selling its network of 700

product market niches including the sale of tarmac, aircraft fuel, motor oils and heating fuels, among other products.

technique. A few of the big international oil companies are unlikely to turn to Elf for technical advice. preferring to do their own research, but a number of companies have shown an interest.

"Wo have done a horizontal well for Sohlo in Texas," M Bosio said, and suggested that Sohlo, in which BP has a controlling stake, was also considering the possibility of applying the horizontal drilling technique in Alaska. "Even the Chinese are interested. We are due to long as the horizontal well produces four or five times more because an Italian independent than the conventional well, it who had seen his exports are interested. We are due to drill e borizontal well for them

the Italian mainland, are now

expected to delay production until 1987 if not 1988, according

to Italian oil industry sources in Rome. "We will now be producing at Rospo Mare before Vega in Sicily," M Vauchez

Malta alters policy on Europe

BY GODFREY GRIMA IN VALETTA

THE NEW Maltese Government of Dr Carmelo Mifsud Bonnici is to take a radically different attitude towards Western Europe to that adopted by Mr Dom Mintoff, who stepped down as Prime Minister last December. In a statement delivered last

notably with Britain and Italy, and with the EEC, often showed the island to be drifting farther from its traditional military and political allies—and now its major trading partners, particu-larly since the British military bases on the island were closed

In a statement delivered last night to the island's 65-momber House of Representatives, Dr Mifsud Bonnici said a new chapter in Malta's relations with Europe was being inaugurated. An era, often marked by constant wrangling, was considered ended. As a result, Malta plans immediately to revive its participation in European institutions, Malta's many disputes with West European countries, and Libya.

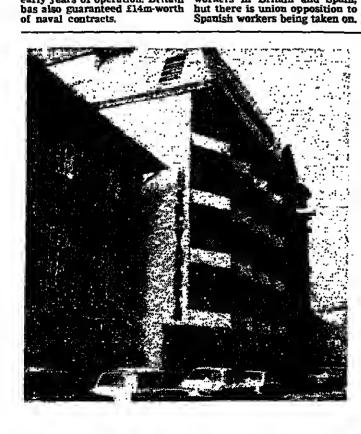
In 1979.

Shortly after taking office, Dr Mifsud Bonnici launched his own personal diplomatic initiatives to help restore the country's strained relations with Europe. In May, he said in an intorview that he would well-come the signing of economic and co-operation accords with Italy and the United States to balance treatles the island shares with the Soviet Union countries, and Libya.

To cut short a long dispute with the EEC over a second fin-ancial aid package, Dr Mifsud Bonnici recently accepted a compromise offered by Community ministers which increased the offer to Ecu 29.5m (£17m) of which Ecu 10.5m is being offered as n grant. Yesterday be welcomed a de-

cision by the European Parliament urging Community ministers to view more sympathetically Maltese demands for aid needed for infrastructure schemes. The Prime Minister has made

no way dotracted from Malta's be bound by what was in any commitment to remain neutral case only a recommendation, be and non-aligned.



Grand designs of Hungary's small hotelier

BY DAYID BUCHAN, EAST EUROPE CORRESPONDENT

since the War.

Quite why the rich of the world should want to sail their yachts or fly their helicopters to Budapest just to stay in his modest, \$36 a night hostelry, Mr Palmai does not convinc-ingly explain. But the new economic reforms in Hungary have brought forth enterpre-neurial pioneers, and Mr Palmai bas all the dogged optimism,

The pioneering Victoria Hotel in Budapest (left).
 Picture by MTI

after a slow start (occupancy in January and February was non-family employees in a cilentelo are Austrian or West

private business. German, he has had guests from But it is, as the American as far afield as Australia, Brazil aphorism has it, the pioneers and Japan. But he is fighting Palmai's imagination, as he that get all the arrows, and Mr the requirement that he must dreams his vorsion of the Palmai is no exception. He deal with foreign travel agen-promised land—a string of obtained a private trading cies through Hungarian state private hotels across Hungary.

WHAT I WANT now for my and eccentricity, of that breed. Ecence back in 1980, but had agencies. This, he complains, "WHAT I WANT now for my hotel guests is a yacht port over there," Mr Zoltan Palmal says, gesturing in the direction of the nearby Danube, "and a beliport just here," pointing to a vecant lot beside his newly finished Victoria Hotel, the first medium-sized private hotel to be opened in Eastern Europe since the War.

Quite why the rich of the world should want to sail their hotel.

He says other obstacles havo

means paying double commis-From the national bank he

has won the right to change hard currency in his hotel, but not yet the right to sign con-tracts with Western travel agents in order to gain the custom of tourist hus groups.

Perhaps his higgest disappointment so far is the Budapest authorities' refusal to allow him to use the lounge and glass-bottomed swimming 35-40 per cent), custom has been laid in his path. He is, and glass-bottomed swimming picked up. Besides his family, like many Hungarians, keenest pool at the top of the Victoria Mr Palmsi employs seven on hard currency paying for a nudist club. Nudism, ho people, within the law which westerners for his customers, permits a maximum of nine and although most of his omething to capitalise on Still, the yachtport and heliport have now taken the nudist club's place in the dauntless Mr

Budapest to seek \$1bn in foreign loans this year BY OUR EAST EUROPE CORRESPONDENT

BY OUR EAST EUROPE COR!
HUNGARY WILL borrow
around \$1bn on the international capital markets this
year, Dr Matyas Timar, governor of its national bank,
said yesterday, confirming
that the country, which was
the largest single borrower
in Comecon last year, will be
equally active financially this
year.

Dr Timar said that by the Dr Timar said that by the end of May Hungary was still running a trade deficit with the non-Communist world. But it also carns some hard currency selling food to the Soviet Union, and Budapest efficials are hoping to end the year with a modest improvement on last year's hard currency on last year's hard currency. ment on last year's hard currency trade surplus of \$660m.
The bank governor said he was unsure whether the target of reducing the country's net debt, which stood at

\$4.5bn last December, by a \$300m could be met. However, he said reserves now totalled \$2.5bn, higher than any point in the early 1980s. The chief aim of fresh borrowing, Dr Timar said, was to improve the structure of the debt by obtaining longer maturities and to further build up reserves. Hungary is, in fact, well on its way to its 1985 borrowing goal, having borrowed \$300m so far this year in a co-financing operation with the World

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Conference on human rights ends in deadlock

BY BERNARD SIMON IN TORONTO

THE FUTURE of East-West buman rights negotietions bas ference on Security as and Co-been clouded by the almost total operation in Europe, the deadlock of a six-week confer-meeting of experts was intended

deadlock of a six-week conference in Ottawa to discuss implementation of the 1975 Helsinki Accords.

The 35 institutes a six-week amid deep disagreements between Soviet and Western delegates on the extent to which human rights violations behind the Iron Curtein should be monitored by outsiders or by the inhabitants of these countries.

No final report was issued after Soviet delegates rejected a compromise proposal hy neutral European countries that

neutral European countries that participants should consider participants should consider holding further discussions on the same subject at a future date. Western countries earlier refused to support a Soviet sponsored communique focusing on unemployment end racism in the West. At the insistence of the Eastern bloc, the conference was held behind closed 40015.

closed doors.
Several countries warned at the close of proceedings that the feilure of the Ottawa conference feilure of the Ultawa conference could jeopardise the success of other meetings. Mr Richard Schifter, the chief U.S. delegate, linked Moscow's buman rights performance to improved rela-tions in other spheres, including progress et the Geneve arms

Known formally as the Con-

custions in Berne and Budapest on East-West human (immigra-tion and family visits) and cultural contacts.

Signatories to the Helsinki accords are due to meet on the 10th anniversary of the agreement in Helsinki in August when progress on confidence building measures will be discussed cussed.
Soviet bloc delegates in

Ottawa were apparently angered by Western tactics of using the by Western tactics of using the conference to scrutinise s wide range of specific human rights violations in Eastern Europe, particularly in the Soviet Union. Western delegates leaked their speeches to the media and the U.S. released lengthy lists of victims of Soviet harassment. The Eastern Europeans accused the U.S. of interfering in their domestic affairs while ignoring international peace issues. international peace issues

Argentine bridging loan agreed

By Peter Montagnon

ARGENTINA completed arrangements with the U.S. and 11 other countries for a \$483m (£283m) bridging loan to help meet overdue interest payments on its \$48bn foreign debt, the U.S. Treasury announced in Washington yesterday.

yesterday.

A first disbursement of \$240m is expected today and the remainder early next week when Argentina will begin a fresh round of interest payments designed to hring its arrears within the sensitive 90-day level.

Bankers said vesterday that

Bankers said yesterday that Argentina has not yet decided Argentina has not yet decided how much interest it will pay to bank creditors. Some of the bridging loan may be used to top up its reserves after an interest payment of \$250m made last week. The amount of the

payment is to be negotiated with the Citibank-chaired committee of leading creditor banks starting in New York

banks starting in New York tomorrow.

Other countries besides the U.S. that contributed to the bridging loan are: Austria, Belgium, Brazil, Canada, Denmark, France, Italy, Japan, Mexice, Spain and Venezuela. The funds will be reinsbursed in two stages when Argentina starts draws. when Argentina starts drawing again on its Internation Monetary Fund facility

Gloomy outlook for annual budget battle

an assertive Congress laid the foundetions for what was touted as the beginning of e new era of fiscal responsibility in the

Impoundment Control Act, the as "dim indeed," blueprint for the federal It is s judgment echoed by Mr Government's hudget-making Leon Panetta, a California Control acts and acts are a control act

The Act, which was designed in part to reassert Congress's traditional power of the purse, established the Senate and House established the Senate and House budget committees and a budget. To budget committees and a budget. To budget and the 1986 Budget, not the \$50hn Hill, albeit one which has rarely been strictly applied. It forced congress to focus for the first time on the hoose macroeconomic impact of federal fiscal policy; by creating procedures for setting limits on overall spending levels, it brought some discipline to the annual budget battle.

As budget deficits of more

annual budget battle.

As budget deficits of more than \$200hn (£157.4bn) a year demonstrate, not only has the process manifestly failed to deliver the fiscal responsibility its sponsors boped for, hnt Capitol Hill's hudget makers have begun to question whether the progress on cutting the deficit which they were hoping for e month ago will now materialise.

A DECADE ago, an embattled voiced doubts about where the President Richard Nixon and budget debate might be leading budget debate might be leading this year at a conference on the budget process sponsored by the American Enterprise Institute in Instal responsibility in the Washington on Mondsy. He described the prospects for the ing on Capitol Hill to celebrate the 10th anniversary of the control o the 10th anniversary of the than 1 per cent of gross national 1974 Congressional Budget and product by the end of the decade

> It is s judgment echoed by Mr gressman recognised as one of Capitol Hill's experts on the Budget. "If you are serious about getting the deficit down in three years' time you need \$75bn in cuts and revenues" in the 1986 Budget, not the \$50hn which the conference committee of members of the House and Senate began debating again

even the \$50hn of cuts which the conference committee is de-bating is illusory. In reality, the reductions in the budget deficit which seem likely to be epproved amount to nearer \$35bn for 1988.

Optimistic economie assumpto question whether the progress on cutting the deficit which they were hoping for e month ago will now materialise.

Mr David Stockman, President Reagan's director of the Office of Management and Budget, difference.

Optimistic economic assumptions, exaggerated claims for whet is being cut out of the defence hudget, accounting changes and the inclusion of savings which few expect to be realised, help to explain the difference.



Mr Stockman has also put the hudget outlook into s gloomy longer-term perspective. He started with the Senate budget proposals, which claim to reduce the deficit to around \$104bn hy 1988; but he applied the consensus forerast of private sensus forecast of private economists compiled by blue-chip economic indicators as the projected growth path for the economy rather than the optimistic 4 per cent real rise in GNP assumed by the Administration.

On this basis, Mr Stockman has warned that the deficit in 1988 could still be \$175bn even if this year'e budget-cutting package is approved. The same calculation would yield even higger deficite if the house version of the budget resolution were used.

Mr Stockman maintains thet you cannot hlame the budget-making process established in 1974 for what bas happened. He sees the 1970s, when the

an era when the Government had money lo give to con-stituents: income tax bracket creep was keeping government revenues up, reel interest rates were low and nominal rates were at times even lower than the rate of infletion, defence spending wes declining as e share of gross product in the post-Vietnam era and the deficit et the beginning of the decade was small, only \$6.1hn or four-

Today, however, budget cuts require Congress and the White House to take away resources from political constituenciee and the Budget process is not strong enough to do that. It requires political will, accord-ing to Mr Stockman.

In May the President made his gesture towerds fostering thet political will by surrender-log any growth in real terms of the defeoce budget in 1986 in order to get the Senate hudget resolution (narrow'y) epproved. Since then, however, the political hattle lines have been more firmly drawn.

The White House is not pre-pared to concede the time has some to raise taxes to reduce the deficit: the House Demo-crats ere not resdy to endorse a reduction in the growth of the social security budget end the Senete has gone as far as e majority of its members want in cutting defence.

Even the concession on de-

process came into operation, as fence spending was largely e an era when the Government reection by Washington to the had money lo give to con-mounting evidence that the public was outraged at the evidence of weste in the Defence Depart-ment and exploitation of the taxpewer by the defence industry. "The public understood a \$600 toilet seet." says Mr Panetta.

Public perceptions of the hudget Issue, however, have not ehsnged radically. "There is ebsnged radically, "There is no sense of crisis" back bome, says Mr Panette and Mr Lott tenths of 1 per cent of GNP confirms the judgment.

Mr Penetta argues that whet is needed now to hreak the deedlock is s bi-partisan push on the budget issue which would provide Congressmen with the political cover against partisan stracks in forthcoming elections, and so permit them to endorse the cuts end tax increases now epparently needed to get the deficit moving firmly downwerd.

The weakening economy and the recession in the manu-fecturing sector and in agricul-ture may be the catalyst which could dramatically transform the political chemistry. Lesders of both the Republican and Democratic parties on Capitol Hill ere hinting thet they would not fight a move to raise taxes. The question is whether Mr Reagan is also preparing another budget surprise and is ready to endowe part yets as reedy to endorse, not veto es be has threatened, a tax plan which would raise revenues rather than reduce them.

Reagan may have to veto **Contra funds Bill**

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE PLANS of President through under cover of the Ronald Reagan to resume U.S. supplementary Bill, believing aid to the anti-government that Mr Reagan would not veto Contra rebels in Nicaragua the funds for the Contras for bave run into a new obstacle on which be has fought so bitterly Capitol Hill. Ironically, it is Mr Reagan himself who has placed it there.

\$27m (£21.4m) approved by the House and \$38m by the Senate — are contained in a \$13.5bn supplementary spend-ing bill to pay for a whole range of government activities before the end of the financial year on September 30. Mr Reagan has now warne dthat he may be obliged to veto the entire Bill.

At issue is a long-running battle between the Administra-tion and Congress over vote-catching weter projects favoured by Senate and House members, particularly in their own districts. The House bas approved \$72m for such modest flood control projects to but that could mean another major dredging operations— bard-fought vote that the while the Senate appropriations

Acministration would prefer to committee favours \$3m.

the funds for the Contras for which be has fought so bitterly over the last three months.

The White House, bowever, adament that the water The funds for "bumani-tarian" aid to the Contras — unless local governments pick up part of the cost, both now and in future. Mr Reagan used veto threats to force Congress to back down on a number of similar schemes last

Mr Robert Dole, the Senate republican majority leader, said that be was prepared to re-think the water schemes if the chairman of the appropriations com-mittee, Sen Mark Hatfield of Oregon, agreed. Mr Hatfield, bowever, says that he is prepared to risk "confrontation" with the Administration over the projects, which include one of his own pet schemes in

Oregon.
The funds for the Contras could be approved separately committee favours \$3m. avoid. Its hope is that Congress
Sponsors of the water projects bad hoped to sneak them the water projects.

Burt nominated as Bonn envoy By Our U.S. Editor

man in like

presum of

Same M.

PRESIDENT Ronald Resgan has officially nomineted Mr Richerd Burt, 38, Assistant Secretary of State for European and Canadian affeirs, to succeed Mr Arthur Burns as U.S. ambassador to West Germany. Mr Burt may, bowever, fece

difficulties over his nomination in the Senste, where conservative Republicans ere contesting the State Department's choice of allegedly "liheral-leaning" career diplomats as ambassadors, instead of conservative political eppointees.

Mr Burt's appointment to his current post was held up for many months by conservatives. who particulerly disapproved of articles he wrote on national

Treasury fines N.Y.C. banks

THE U.S. Treasury Department yesterday announced fines against four major New York City banks for failing to report thousands of large, interna-tional cash transactions in recent years, AP reports from

Washington,
The civil penalties, all stemming from activity reported to the Government voluntarily by the banks in the wake of a criminal prosecution et the Bank of Boston, ranged from and represented about e fourth of the maximum that could have been imposed.

Mr John Walker, Assistant Secretary for Enforcement said the Treasury had no evidence of criminal money laundering in connection with the fines security in his previous job
Since then, be has become one of the Administration's most prominent arms control actions.

Businessman named to head Pentagon inquiry

BY OUR U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Resgan has named businessman Mr David Packard, 72, a former deputy defence secretary and co-founder of Hewlett-Packard, to head an independent "blue ribbon" commission to examine Pentagon management and arms

gress in overseeing the procurement process. He hoped that It would lead to a "blue-print for ection" to improve the arm ocmhet effectiveness.

Waste and fraud by defence contractors was "more than a richt of the tawapters" it was

Pentagon management and arms procurement problems.

The move was in response to continuing controversy over high prices charged by defence and prices charged by defence of the prices charged by defe cootractors and allegetions of waste, fraud and inefficiency in Pentagon procurement. It was reported to have heen blitterly resisted by Mr Caspar Wein-herger, the Defence Secretary, who was said to view the commission's eppointment as an implied criticism of his leeder-ship and a threet to his authority.

Announcing the bipertisan

management, organisation and decision-making in weapons procurement and the role of Con-

rip-off of the tax-payers," it was e hlow to the U.S.'s national security, ba said. Mr Reagan is also only too aware that the continuing scandela over such items as the \$659 (£523) ashtray and the \$640 tollet seat cover have undermined public support for his efforts to increase defence spending and maintain his strategic build-up. Accepting the tasks, Mr Packard went out of his way at the brief White House authority.

Announcing the bipertisan body, Mr Reagan said that it fears were unjustified. He would look into defence promised "a real team effort." and praised Mr Weinberger for his "ontstanding work" over the past 41 years.

BRITSH COAL THE RIGHT CHEMISTRY

ICI have announced the UK's largest industrial conversion to coal at its Wilton plant - a £43 million investment. At the heart of this complex are water tube boilers which will be fired by pulverised coal. The plant will burn about 500,000 tonnes of coal a year. This will be delivered by the merry-go-round system of continuously moving trains, loading and

unloading on the move, each transporting 1000 tonnes. Herman Scopes, Director, ICI Petrochemical and Plastics Division,

says: 'We at ICI believe conversion to coal is important if we are to improve our competitive position in both national and international markets.' What makes sense for

companies like ICI, Express Dairy, John Smith's and British Aerospace also makes sense for any other company that wants to improve its competitive edge.

The cheapest source of energy

British coal costs less than other fuels. And the NCB intend to make sure coal prices remain competitive.

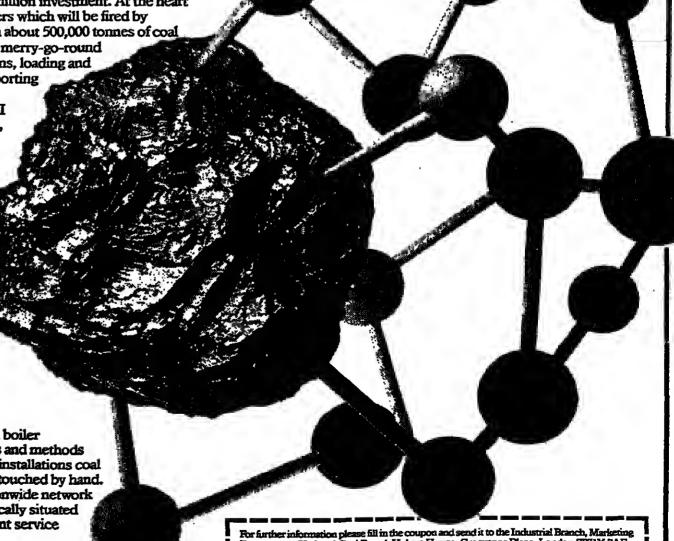
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FT 19/6/85

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ing ceasefire

Fighting subsides in **Palestinian** camps

By Nora Boustany and Tony Walker in Belrus

THE LEBANESE and Syriansponsored agreement to halt fighting in and around Belrut's Palestinian refngee camps came into force yesterday as a special committee met ta supervise the cease-

met la supervise the ceasefire.

The main paints of the
agreement are a general
truce, withdrawal of Ski'ite
Amal fighters and Lebanese
soldiers from the perimeter
of the camps, and the surrender of heavy weapons. tI
also envisages a role for the
Lebanese police la maintaining security at the camps.

The agreement was

The agreement was worked out in Damascus late on Monday between representatives of the Shi'lte Amal militia, pro-Syrian Palestinian factions and Syrian officials. The meeting was cials. The meeting was chaired by Mr Walid Jum-blatt, Lebanon's Minister of Transport and Tourism.

The accord brought an uneasy calm to camps, the scene of bloody fighting for the past month. More than 600 people bave been killed and over 2,000 wounded in the conflict. The agreement, parts of which are ambiguous, especially in regard to who should collect the weapons and control th ecamps, leave Amal well short of its aim of rid-ding the eamps of armed Pal-

Mr Nabih Berri, leader of the Amal militia, said a special committee in oversee special committee (n oversee security in the camps began meetings in Beirut yesterday in the presence of a Syrian observer. Mr Berri announced that rescue and humanitarian missions would start immediately.

Thousands of Palestinian families have been trapped in the camps and international relief workers bave not been The five-day old hijacking of an U.S. TWA alriner has completely overshadowed the Syrium-brokered accord to end the month-long "war of the

Iran claims advances into Iraq

IRANIAN TROOPS launched a offensive in the north and continued to advance into continued to advance into Iraq's southern Howelzeh marshes, killing bundreds nf Iraql troops, the official Iranian news agency, IRNA, said, AP reports from Nicosia. The attack was launched on Sunday night in the Marivan sector of the Iranian Kurdistan mountains at the northern end of the 1.200 km long battlefront, IRNA said. The agency said 150 Iranian transparents and 150 Iranian transpare The agency said 150 iraqi troops were killed or wounded

The Iranian advance has pushed Iraqi troops back to the Tigris river with the Iranian forces poised 6 km from the strategic highway linking Basra and Baghdad, IRNA added.

There was no comment from Iraq on the Iranian



had planned to release them but cannot now do so for fear of this being seen as a capitulation to blackmail. "These Shl'ite detainees were scheduled to be released and will be released. It is only a matter of time," an Israeli official stressed vesterday. But, he added: "I do not want to make any link between this and the hostage situation." The prisoners also symbolise

The prisoners also symbolise the confusion which has surrounded Israel's policy towards the Shi'ites with whom, it belaiedly recognised, it must develop a dialogue if it wants to ensure peace on its northern

This kind of incident camnot be completely prevented.

Israeli built detention camp at develop a dialogue if it wants to ensure peace on its northern

Ansar, 13 kilometres east of Tyre in southern Lebanon.

Ansar was closed on April 3

THE HUNDRED'S of Lebanese Shi'ite Moslems held in Israel, whose release is the central

demand of the hijackers of the

TWA aircraft, constitute a self-inflicted headache for Israel. It

borders.

Most of the 766 Shi'ites still in anticipation of Israel's withheld were detained during the drawal from that area. About final months of the major Israeli 750 prisoners were freed and presence in southern Lebanon. This was the period of the "iron to Atlit prison in northern fist" policy when the Israell Israel. Itroops carried out punitive raids against Shi'ite villages in attempt to curb the level of attacks on the retreating forces. Israel swept up almost 2,000 likely to help in attempts to people, mainly Shi'ites, who its establish a dialogue with the spokesman said, "took an active Shi'ile leadersbip.

spokesman said, "took an active Sbi'lle leadersbip, part in terrorist activities The emergence of the Shi'ltes

This has been proved in The Greek Socialist Gov-France and West Germany, without unleashing the kind ernment and Press rose up in arms yesterday against criticism of lax security of storm that has broken out of storm that has naken our against Greece," he said. He warned that if criticism continued it would be bound in affect relations between Greece and the West. following last Friday's successful hijacking at Athens airport of a TWA

David Lennon examines a result of Jerusalem's 'iron fist' policy

Israel's self-inflicted Shi'ite crisis

passenger jet, writes Audriana Ierodiaconou. Mr Viannis Charalam-bopoulos, the Greek Foreign Minister, angrily accused the U.S. of teading a worldwide "slander campaign" which is assuming the dimensions of a "true conspiracy"

"This kind of incident camnot be completely prevented.

Ansar was closed on April 3

were followed "meticutously."

A rash of editorials and articles in the same vein appeared in yesterday's progovernment Press. unprepared politically as well as militarily. The belated attempts to develop political contacts with prominent Shi'ites such as Mr Nabib Berri, the leader of the Amal militia and Minister for Southern I change

Minister for Southern Lebanon,

The minister also defended Greek security as "the same as in other European countries" and said measures

minister for Southern Lebanon, proved fruitless.

Mr Uri Lubrani, the coordinator of Israel's poticy in
southern Lebanon, said recently
that Israel had tried to
establish relations with the
Shi'ltes but, due to internal
strife in the Shi'ite community.

"there is no address to call on."

If there had been a response, against Israel." They were as the new power in southern to "hand them the keys to the incarcerated without trial in the Lebanon has caught Israel south," provided they guaran-

being used again by the PLO to launeh attacks against Israel. The massive arrests of Shi ites In the south did nothing to enhance the prospects of success of these approaches. During May, Israel attempted to Naka pledg expor

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Contract of the Contract of th

Moscow

Philips

may, Israel attempted to improve the atmosphere by releasing some 400 Amal members from Atlit in two batches.

At the time it was explained that this was aimed at Strengthening the hand of the Amal thening the hand of the Amai militia in southern Lebanon, which had been trying to stop Palestinian fighters from returning to the area to use it as a staging ground for attacks on

Israel.

This was widely seen as a gesture towards Mr Berri personally, as well as enabling Amal to replace some of its fighters who had been pulled out of the south to fight the Patestinians in West Belrut.

It was also in line with the stated policy of the military which had said the Shi'ites would be released alongside of the withdrawal and when security conditions in the south

Following the two earlier re-leases. Israel was about to free a further 300 detainees about 10 days ago, on the eve of the final stage of the military withdrawal from Lebanoz. but this was cancelled at the last minnte without explanation.

Pretoria reviews monetary policy

BY JIM JONES IN JOHANNESBURG

SOUTH African exchange controls, introduced to stem the outflow of capital which followed the 1961 Sharpeville riots, are likely to be relaxed significantly if parliament accepts the recommendations of a high-level commission of inquiry into monetary policy beaded by Dr Gerbard de Kock,

Governor of the Reserve Bank. The commission was established in 1977 and its recommendations will form the basis for fundamental changes to South Africa's monetary policies and monetary system.

The commission says the present system does not recognise
the need for market-oriented
policies, lacks a consistent
approach to monetary
aggregates and toterest rates,
and is weak in exchange rate
and bank credit controls.

The De Kock Commission's eport recommends that monetary policy be market-oriented rather than operate on

panles and Institutions be allowed freely to make limitedi a system of direct controls and that its fundamental aims ought to be to stabilise

domestic prices and wages.
It says that although the authorities bave been moving away from the direct monetary controls, which were introduced progressively in the 16 years up to 1980, there remains a need for clear exposition of intermediate targets - mainly control of monetary aggregates
and operational variables
such as interest rates and the anticipated transmission mech-

Immediate and complete abolition of exchange controls cannot be recommended at cannot be recommended at present, the report says. It does, however, suggest that: restrictions on emigrants and residents be largely relaxed; the amount emigrants are allowed to take with them be doubled to a maximum of R200,000; and that residents and domestic insurance comand domestic insurance com-

This relaxation of exchange controls is expected to combine with greater freedom for local banks to deal in forward foreign exchange markets to create a situation in which the rand floats relatively freely with its external value determined by interest rate parities. The commission recommends

that the Reserve Bank should. for the first time, set intermediate targets for one or more money supply aggregates, though it adds that interest rates and exchange rates should not be totally subordinate to the achievement of mooey supply

Nevertheless, the commission believes that interest rates should be allowed accurately to reflect changing degrees of tightness in financial markets.

South African N-plant back in operation

KOEBERG, South Africa's only nuclear reactor, is to resume opera-tion today after being closed on February 21 for investigation of suspected flaws, writes our Johan-

The first unit of the French-built pressurised water reactor was brought into operation outside Cape Town in March 1984. It was closed in February when a routine inspection of the steel pipework of the sec-ond unit's cooling system was found to contain ferritic inclusions that might have been potential failure

Although Framatome, the French nuclear construction company, protested that the inclusions repre-sented no risk to operations, Escom, the South African state-owned electricity utility, closed down the operating unit as a precantionary

Mubarak holds first talks with Sudanese leaders

PRESIDENT MUBARAK of ment to the press before leaving Egypt held two hours of talks with Sudan's new leader, General Sowar Eddahab, in Khartoum on Monday, his first visit to Sudan since the April coup which toppled former President Jaffar Numeiri, Government sources, said they discussed hilateral rela-tions and matters of common

no official request has been made by the Sudanese for the extradition of Numeri from

for Cairo President Mubarak reaffirmed Egypt's long tradition of giving political asylum, without condition Recent relations between the

two countries have been cool. Although Egypt was quick to congratulate the new Sndanese leadership on the success of the April coup, until now they had had no high level contact.

Relations have not been improved by Sudan's rapprochment with Colonel Gadaffi's Libya. Matters were made Egypt, where he bas been since Libya. Matters were made the coup. However, many of worse by the reported comthe political parties in Khartoum consider it a precondition Minister Dr Gizonli Dafalla that to resumption of good relations the accords with Egypt were with Egypt. In a brief state-"null and void."

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Afghan rebels destroy jets

about 20 jet fighters at Shindand, Moscow's largest and best protected airbase in Afghanistan, Western diplomats sald yesterday, Reuter reports from Islamabad.

They said the planes—mostly MiGs—belonged to the Afghan air force and were destroyed

Some aircraft had recently been moved to the sirbase after other airbases came under

The diplomats said the Shindand attack, which resulted in the single largest loss of aircraft since Soviet troops entered Afghanistan in 1979, appeared to bave been the work of saboleurs among Afghans at the base. Combined Soviet and Afgban

airbases are segregated, with each air force keeping its own personnel to service its planes.



Thai Cabinet agrees to buy U.S. F-16 iets By Boonsong K'Thana in Bangkok

THE Thai Cabinet yesterday gave formal approval to the country's cootroversial purchase of 12 F-16 jet-fighters from the

U.S., a project likely to cost about \$318m. Approval came seven weeks after the U.S. Congress gave the

go-ahead and more than a year of debate. It was made despite intense political opposition from within Thailand and a warning from the Finance Ministry that the purchase could adversely affect the country's foreign

The Cabinet cited national security for the approval. There was every need for the Royal Thai Air Force to boost its air defence espablity to counter the growing threat from Soviet-built Mig-23 jets in Vietnam.

The Cabinet said the purchase was made on the loog-term "installment" basis uoder "extremely relaxed" financial here in the County of Mid Glamorgan. Cash grants, cheap loans, rent frea periods in modern advance factories, training and relocation assistance, are some of the incentives available. For further details and free copies of our new Business Location and Financial Incentives Guides, return this coupon to the

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Nakasone hints at pledge on voluntary export restraints

BY JUREK MARTIN IN TOKYO

JAPAN'S Prime Minister, Mr Vasuhiro Nakasone, hinted yesterday that next month's import "action programme" might also include a committo voluntary export

Specifically, Mr Nakasone told a meeting of government officials that if Japan's trade

a meeting of government officials that if Japan's trade surplus continues to go up even after the new programme is instituted, then additional export controls might be unavoidable. The new package might, therefore, embrace a commitment to this effect.

This is the first time the Prime Minister has gone this far in public, though two months ago he was extremely critical of the Ministry of International Trade and Industry's decision to increase by about 25 per cent the unofficial limit it is putting on Japanese car exports to the U.S.

Mr Nakasone is waging a major campaign inside his own Government to try to ensure that next month's programme, details of which continue to emerge almost daily, is not dismissed overseas as inadequate. He is reported, however, to he encountering considerabla resistance from some ministries, especially those concerned with agricultural products.

It is estimated that as much as 40 per cent of all Japanese exports are subject to restraint

-mandatory or voluntary. Most of the items involved are sold to the U.S. and the EEC countries—the chief critics of Japan'a trading practices.

Japan has considered each instance to be a separate case and has, so far, eschewed any across-the-board commitment to export controls, as Mr Nakasone

year, will rise further.

Airline industry profits likely to fall

THE profit of the world airline industry in 1985 is likely to fall below last year's \$500m (£416m), after interest, and could decline further in 1986.

The International Air Transport Association, with 137 air-line-members, forecasts that traffic growth, although now strong, may moderate. In addition, continuing pressures for fares cuts have led to pressure on airlines' revenue yields. Unless the major airlines can reduce costs substantially, it is likely that the 1985 profit after interest could fall to about \$400m, and to little more than break even during 1986.

Lata points out that up to the

end of 1983 the world's airlines collectively suffered about \$6.2bn losses, of which barely \$500m has heen recouped The industry, therefore, needs sustained profitability to wipe out the accumulated deficit, and

Re-equipment estimated at some \$167bn over the next decade or so, much of it essential expenditure on replacing aging fleets. It there-fore seems likely that the airlines' interest burden, currently running at more than \$1hn a

generate funds for re-equip-

Hong Kong Dragon plans to fly to China

U.S. charter airline, flew into Hong Kong's Kal Tak Airport yesterday, unnoticed amid the roaring traffic of Jombos, Air-

This barely-noticed arrival nevertheless marks what could be one of the most significant developments in Hong Kong's

recent airline history.

The Government's air licensing authorities are bracing themselves for controversies that are likely to have fareaching implications for other carriers an particularly Cathery carriers — particularly Cathay Pacific, and on rootes into mainland China.

Within a matter of weeks, the leased Boeing 737 will be wearing the livery of a new air-line, Dragonair. Beginning with delly charter flights to Shanghai and Peking, Dragonair plans to expand to capture a significant share of the air traffic between Hong Kong and China's two main cities.

Until a month ago, the ven-ture attracted little attentionand the attention it drew was dismissive. But one official recently traced a change in view: "Soddenly, we have come face to face with the fact that this is no hack affair.

"Dragonair has a strong organisation, strong financial What made air traffic rights backing, and powerful political one of the most intractable support. They still have a long subjects during the two-year way to go, but they seem determined to make significant future was a fear that CAAC, inroads into Hong Kong-China which acts both as China's

authority, would after 1997
Dragon's application for an seize a unique opportunity for air operator's certificate is still in the hands of Hong Kong's self-aggrandisement.

By controlling the right of airlines to fly into and out of Hong Kong, it could strengthen its own international route Civil Aviation Authority. Appli-

roaring traffic of Jombos, Air-buses and similar wide-bodied aircraft. Few will have noted that Midway never flies to Hong Kong.

Civil Aviation Authority. Appli-cations for licences to fly daily charter routes to Peking and Shanghai can only he made when the certificate has been

leased Boeing may be making its maiden run into China by the beginning of August.
Air-traffic rights into and out

British-owned. Cathay succeeded in convinc-ing negotiators that any such moves would he seen as under-

A barely-noticed arrival at Hong Kong's Kai Tak Airport marks what could be one of the most significant developments in the colony's recent airline history, David Dodwell writes.

is close to capacity, and it is a lucrative stopping-off point in most airlines' regional and global route plans.

But most important, as the territory moves closer to reabscrption into China, so the allotment of flying rights has become a symbol of Peking's willingness to give Hong Kong the "high degree of autonomy" promised under the Sino-British agreement finalised in September last year.

September last year.
What made air traffic rights one of the most intractable subjects during the two-year

of Hong Kong are a more-than-usually sensitive affair. Rai Tak is close to capacity, and it is a when the agreement provided when the agreement provided leeway for the post-1997 Hong Kong Government, rather than Peking, to negotiate air service agreements "for airlines incorporated and having their principal place of husiness in Hong Kong" for all services except those linked with China. The only eligible airline under these criteria was Cathay.

Cathay. Dragonair is potentially so controversial hecause it has been incorporated locally, and without doubt will have its principal place of husiness in Hong Kong. With harring from China, it will be in a position to

maturity of Cathay, and its staff to train, flight plans t formidable reputation. But that prepare and booking procedure

takes no account of the people who own Dragonair. The Hong Kong Macao Inter-national Investment Corporashanghai can only he made network, and seriously understion, set up days after the Sinomine Cathay Pacific, which is British agreement was made thong Kong's de jacto flaguable, has backed the airline carrier, even though it is to the tunc of HK\$500m (£51m). Its list of 31 main shareholders

reads like a Who's Who of the richest and most influential of its Chinese husinessmen. Even more significantly, the Bank of China holds a 22 per cent equity stake, while Peking's main trading arm in Hong Kong, China Resources, holds a further 12 per cent.

With such backing, the air-line's influence inside China is second to none.

second to none. It is a moot point—and one that will greatly trouble Hong Kong's aviation authorities—whether it should be seen as a British airline or a Chinese one Chinese one.

The point will be critical when Dragonair comes—as it lnevitably will—to apply for rights to fly scheduled services to China and elsewhere over-

Such agreemants are always based on a balancing of reciprocal rights, and while CAAC would want to see Dragonalr on the British side of the negotiating table, Britain would clearly prefer to see the airline sitting alongside CAAC, the "mirror image" of Cathay.

Mr Steve Miller, recruited less than three months ago to

Cathay Pacific insists it unruffled by the prospect of stiff competition, but is con-

and future plans for schedule It fought for over three year

to win the right to operate a scheduled service to Shanghai and has only recently wolclearance to increase dights to three a wcck.

the right to fly to Peking, or any other destination in China It has been allowed to la in charter flights during the Chinese New Year and othe major Chinese holidays, but ha heen refused the right to fit more regular charters, ever though it is widely acknow ledged that demand for airling seals into cities such as Peking and Shanghai greatly outstrip

supply. It is certain that Cothay wil apply alongside Dragonair for any new routes offered by Peking-whether scheduled or chartered-and the contest that ensues is likely to provide important signals on how China intends to interpret the Sino British agreement up to and after 1997.

In September this year Britain and China sit down to negotiate a new air services less than three months ago to to plan, Dragonair will be flying manage the new group, is facing a second aircraft between Hong more practical problems. Apart Kong and the mianland.

Finns to help Soviet Union exploit mineral reserves

BY OLLI VIRTANEN IN HELSINKI

help of Finnish companies. help of Finnish companies.

The total value of the project, which will include mines, housing and services, has not been announced but it is estimated to be about \$1bn (£833m). The deployment will begin during the next Soviet five-year economic plan beginning in 1986.

beginning in 1986. The area in Kola Peninsula, at the north-western corner of the Soviet Union, is reported to have one of the richest concentrations of minerals in

the world. Soviet officials say they have discovered about 700 different

In the first stage of the project, the Soviet Union will begin to mine and refine apatite-nefeline resources. Apatite is used in making phosphate fertilisers. There are several smaller apatite mines operating in the Kola Peninsula, with a total production of 18m tonnes of concentrate a year.

The deployment will also offer opportunities for Finnish metal and engineering exporters.

The Soviet chairman of the commission, Mr Ivan Arhipov, said in Leningrad that Finnish companies will have priority, providing they take part in financing arrangements.

This was a reference to recent discussion.

THE SOVIET Union is set to grad, said that Finnish com-exploit huge mineral reserves panies will have the first in its Kola Peninsula with the priority to take part in the

project.
Firms have huilt another similar mining town in Kostamus, close to the Finnish border, The Finnish chairman of the commission, Finland's Prime Minister, Mr Kalevi Sersa, estimated in Leningrad that the Kola project will that the Kola project will clearly be larger than Kostamus which cost the Soviet Union Fmk 3.5hn (£500m).

A number of Famish com-panies, including the country's higgest mining group Outo-kumpu and some construction companies will be in the frontline competing for the orders. The deployment will also offer

Soviet officials, announcing compensation deals in which the the deployment decision last week at the Finnish-Soviet trade commission meeting in Lenin-

Moscow offer to Norway

BY FAY GJESTER IN OSLO

companies to co-operate in the mining-industrial venture on the Kola peninsula.

muning-industrial venture on the Kola peninsula.

Representatives of Norsk Hydro, Elkem, Orkla Industrier and A/S Prospektering will wisit a factory and a mine in the area on Friday. They will be accompanied by Mr Asbjorn Haugstvedt, Norwegian Trade Minister.

The traditional venture on meeting of which started yesterday.

Nearly 20 Norwegian companies are represented at the Moscow talks, among them Boconor, a Norwegian partner-alip formed to win Soviet contracts for Russia's offshore petroleum search in the Barents Sea.

Meanwhile Daniel Started yesterday.

Nearly 20 Norwegian companies are represented at the Moscow talks, among them Boconor, a Norwegian formed to win Soviet contracts for Russia's offshore petroleum search in the Barents Sea.

THE SOVIET UNION has All four company executives invited four Norwegian are on the Norwegian delegation to the commission, a mining industrial venture on meeting of which started

The trip to Kola follows this year's meeting in Moscow of the Norwegian-Soviet mixed economic commission, which seeks to promote trade between Norway and the Soviet Union.

Meanwhile, Fomor Cit, a recently-formed subsidiary of a Finnish-Norwegian trading company, has undertaken to help Geco, a Norwegian seismic survey company, secure work in Soviet waters.

Philips plans TV tube joint venture in China

BY LAURA RAUN IN AMSTERDAM

joint venture in Jiangsu province for the production and sale of colour TV tubes and deflection coils.

deflection coils.

An agreement in principle was signed at Philips' head-quarters in Eindhovan yesterday during an official visit to the Netherlands by Zhao Ziyang. Prime Minister of China.

The four-day visit is part of a large European tour designed to promote economic co-operation, with China interested in acquiring technology and European countries seeking greater

Export Corporation to huild an audio equipment factory.

Mr C van der Klugt, a vice-president of Philips, noted in a speech in London yesterday that "Philips has given significant attention in China and its huge market potential."

The Dutch company, which is Europe's largest electronics company, expects sales in China to multiply five-fold this year. In recent months, Philips has received a string of contracts from China involving colour

The four-day visit is part of a large European tour designed to promote economic co-opera-tion, with China interested in acquiring technology and Euro-pean countries seeking greater trade opportunities.

The joint venture will be 30 per cent owned by Philips and 70 per cent by the Bank of China-Nanjing Trust and Consultancy Company and the Huadong Electron tube factory. It A factory with a production capacity of 1.5m tubes and deficction coils a year will be defication coils a year will be huilt in Nanjing, with operations to begin at the end of

Philips will supply machinery, components, tools and know-how for manufacturing, while the Chinese partners will build and equip the new plant according to Philips' designs and specifications. The Dutch company will the provide further technical finance of the provide further technical finance of the provide further technical further technical finance of the provide further technical finance of the provide further technical further technica technical China. further

PHILIPS. THE Dutch electronics group, has strengthened its rapidly growing footbold in China with plans to establish a joint venture in Jiangsu province for the production and sale of colour TV tubes and deflection coils.

assistance and equipment after production begins.

The new joint venture is the second such project amounced recently, following a 50-50 venture between Philips and the China Electronics Import and Export Corporation to huild an audio equipment factory.

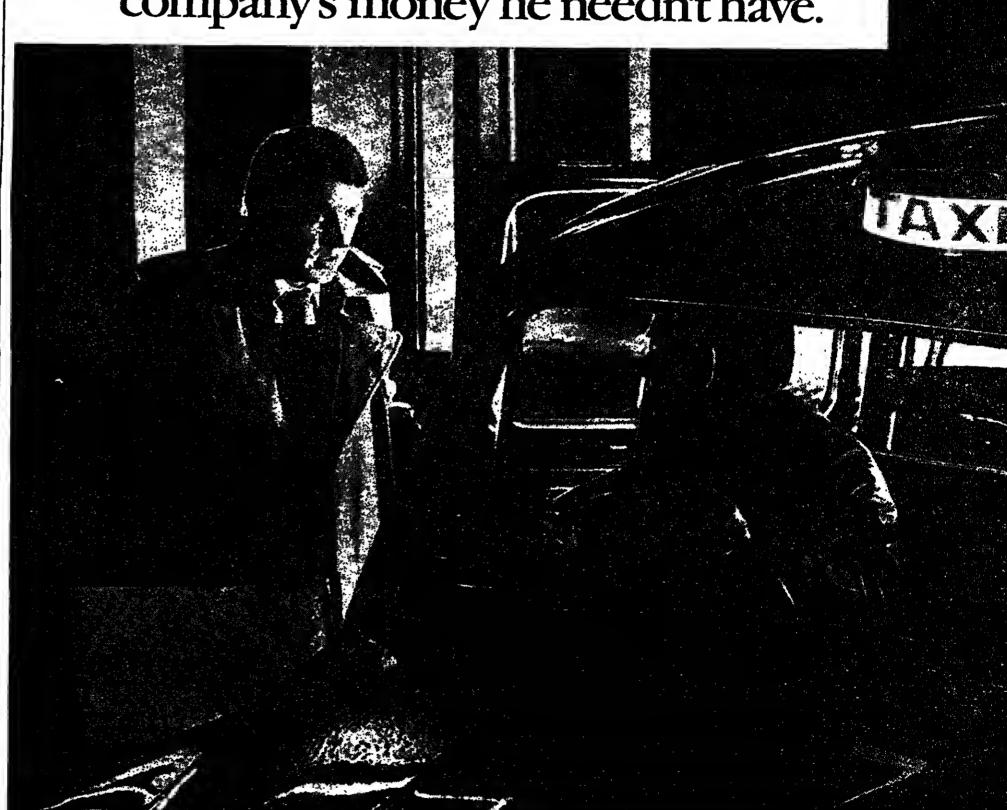
from China involving colour television sets, radio recorders,

laservision sets, radio recorters, laservision and refrigerators. Earlier this year, Philips opened an office in Peking.

Zhao's visit to Holland, the first such visit by a Chinese leader, is another signal of warming bilateral relations. China downgraded diplomatic ties with Holland in May 1981 in protest of the Dutch sale of

two submarines to Taiwan. Full diplomatic relations be

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West Germany fights the sunbelt versus rustbelt image

Rupert Cornwell in Bonn examines the evidence of a north-south problem in Europe's most powerful economy

The answer, to judge from the closed shipyards, steelworks and oil headlines and the carefully selected refineries of the north, all for good statistics and pictures which sup-measure enveloped in a suitably port them, would appear to be an wintry setting. In a word, sunbelt unequivocal "yes." There is an ever-widening divide in West Germany

The argument, at its simplest, is en an affluent south and a de-

contrasts are superficially irresistible, between the southern states of Baden-Württemberg and Bavaria in particular, which would glossy new aerospace or robotics atrophied, over-unionised north, po-

The argument, at its simplest, is that West Germany is undergoing its own equivalent of the current stward and southward shift in the U.S. - or, still more bleakly, taking the British path towards a split between a conservative, risk-taking and high-employment south, and an Rhine Westphalia, the unemploy-

experts would say it is more than a cent. little misleading. But is does draw Moreover, despite containing powerful support from the most North Rhine-Westphalia, the most little misleading. But is does draw emotive political issue of the day

every state north of the "frontier" between the two halves of Germany

Schleswig-Holstein, Hamburg,
Bremen, Lower Saxony and NorthRhine Westphalia, the unemployment rate was above this figure. In

That is the simplest view. Most Württemberg, as little as 5.3 per

In 1984, around 9 per cent of West to the south to the point where the Germans were without a job. Yet in two halves are today almost exactly

HAS EUROPE'S most powerful plants nestling in pretty countryeconomy acquired the dubious disside, promoted by evocative pubtinction of joining Britain and Italy
as another EEC country with a
north-south problem?

The answer to judge from the closed shirwards streetwards and the closed shirwards streetwards and plant geography to
those now familiar images of the
The answer to judge from the closed shirwards streetwards and plant geography to
those now familiar images of the
the simplest view Most

Will thembers, as little as 53 per

The property one to the south, with the éxnational product – but for more
than 60 per cent of West German gross
national product – but for more
than 60 per cent of West German gross
than 60 per cent of the new compathe Saziand, handicated only by
the Saziand - Daimler-Benz, Siemens, Bosch, tute, shows that Hamburg - world-

> MBB and Dornier - merely undertion in high technology.

BMW and the aerospace concerns weary but elegant - remains by far MBB and Dornier - merely under the wealthiest German state, in line the region's entrenched posi-terms of output per head, and in-Then again, as if to prove the sub-sidies theory, northern states (in-all its well-advertised problems, including West Berlin) occupy six of cluding an unemployment rate of the first eight places in the league 13.5 per cent. Despite appearances

en-Württemberg's great rival in the

one half of Germany to the other: but there's no arguing that the Nor is there much likelihood that south is now better placed for the this state of affairs will swiftly future." One reason lies in the inchange. The most painless compendustries which are operating there: sation for such discrepancies is subanother in the research and educa- sidies. For all the varinted committional facilities which have grown ment to limiting subsidies and the

The same point is made at the optition, German governments - both posite end of the country, by Dr central and regional - have shown Klaus-Werner Schatz, of the Inter-small will to act. national Economics Institute of national Economics Institute of
Kiel University. "Here in Schleswig-Holstein, there's no technical
higher unemployment not some-Kiel University. Here in Schles-wig-Holstein, there's no technical university, you have to go to Stutt-gart. To bring someone back here, their shrill demands for special you probably will have to pay them treatment, or the centre-right coalieven higher wages." Which brings him to another, and perhaps even toral disaster in North Rhine-Westmore telling, argume

Of all the statistics traded in the

ia DM 15.37 and in Lower Saxony drift to continue indefinitely.

DM 15.21. In Baden-Württemberg

The high-technology, rese

has been in favour of Bavaria, Bad-en-Wiirttemberg's great rival in the er working week, IG Metall, the mesouth, at the expense of North talworkers union, chose companies Rhine-Westphalia Indeed, if the in rich north Wurttemberg and north has lost ground, that has been Hesse as its targets. The settlement exclusively due to that last region's of the strike, however, was nationdifficulties, linked to the problems wide, meaning, as Dr Schatz reof the Ruhr coal and steel indus- marked sourly: "It is Mercedes and tries which were long its lifeblood. Bosch which set the conditions here The most measured view, per-haps, comes from Ifo: "So far you even though the supply of labour is can't talk of a dramatic shift from greater in the north and the de-

promotion of enterprise and compe-

phalia in May, care to contemplate.

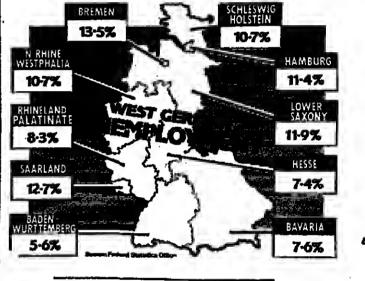
To that extent, therefore, the pull north-south debate, few attract scantier attention than wage costs.

To that extent, therefore, the pull scantier attention than wage costs. The north has higher unemployment - but one reason may be that it costs more to employ people them. In the longer term, however, the it costs more to employ people them. In Hamburg, it costs DM 17.15 the centre of West German econom-per hour, in North Rhine Westphal-ic gravity – is unlikely to allow the

The high-technology, researchthe figure is DM 15.10, in Bavaria oriented models of Bavaria and just DM 13.97 - which may be one Baden-Württemberg are being ever more justification for the forecast- more widely imitated. The opening ers' belief that Bavaria by the end hands in the north-south battle of the decade will have the lowest have been dealt. But the card game has hardly started." Until it ends, Yet German unions are not ready West Germany will stay one of En-to face the implications of such real- rope's most homogeneous, evenly ities. In the seven-week engineer- balanced economies.

DOE SOIL

14.4



Dutch recovery 'faster than planners forecast'

BY LAURA RAUN IN AMSTERDAM

recovery is growing faster than the central planning bureau recently forecast and at a pace comparable was expanding more rapforecast and at a pace comparable vestment was expanding more rap-with the period after the second idly than the 5% per cent predicted

He also predicted that profits, investment and employment would continue to climb relatively sharply in the second half of the 1980s, with the economy expanding between 2

and 3 per cent. the early 1970s before the first oil crisis, Mr Rutten said earlier this

The chief economist's more opti-mistic outlook is apparently shared by Mr Ruud Lubbers, Prime Minister, who recently indicated that be expected economic growth above

THE NETHERLANDS' industrial cent in May from about 18 per cent

world war, according to Mr F. W. for this year by the semi-Rutten, the Government's senior independent planning bureau. He economic adviser. of investment goods was 50 per cent higher in the first months of 1985

than in the same period of 1983.

The current period is not comparable with the golden years of the 1970s but rather with the 1950s, Profit margins and companies' when great effort and sacrifice were made to achieve postwar prospounded to a level about even with the early 1970s before the first oil dustrial recovery as a structural improvement attributable to wage moderation, tax cuts for business

and the international unturn Corporate profitability fell sharp-ly in the Netherlands during the 1970s as wage rises far outpaced inexpected economic growth above the widely forecast 2 per cent.

Cause for optimism is provided by some recent economic news: bankruptices in the first five months of 1985 dropped 13 per cent from the year-earlier period, while unemployment fell below 16 per description.



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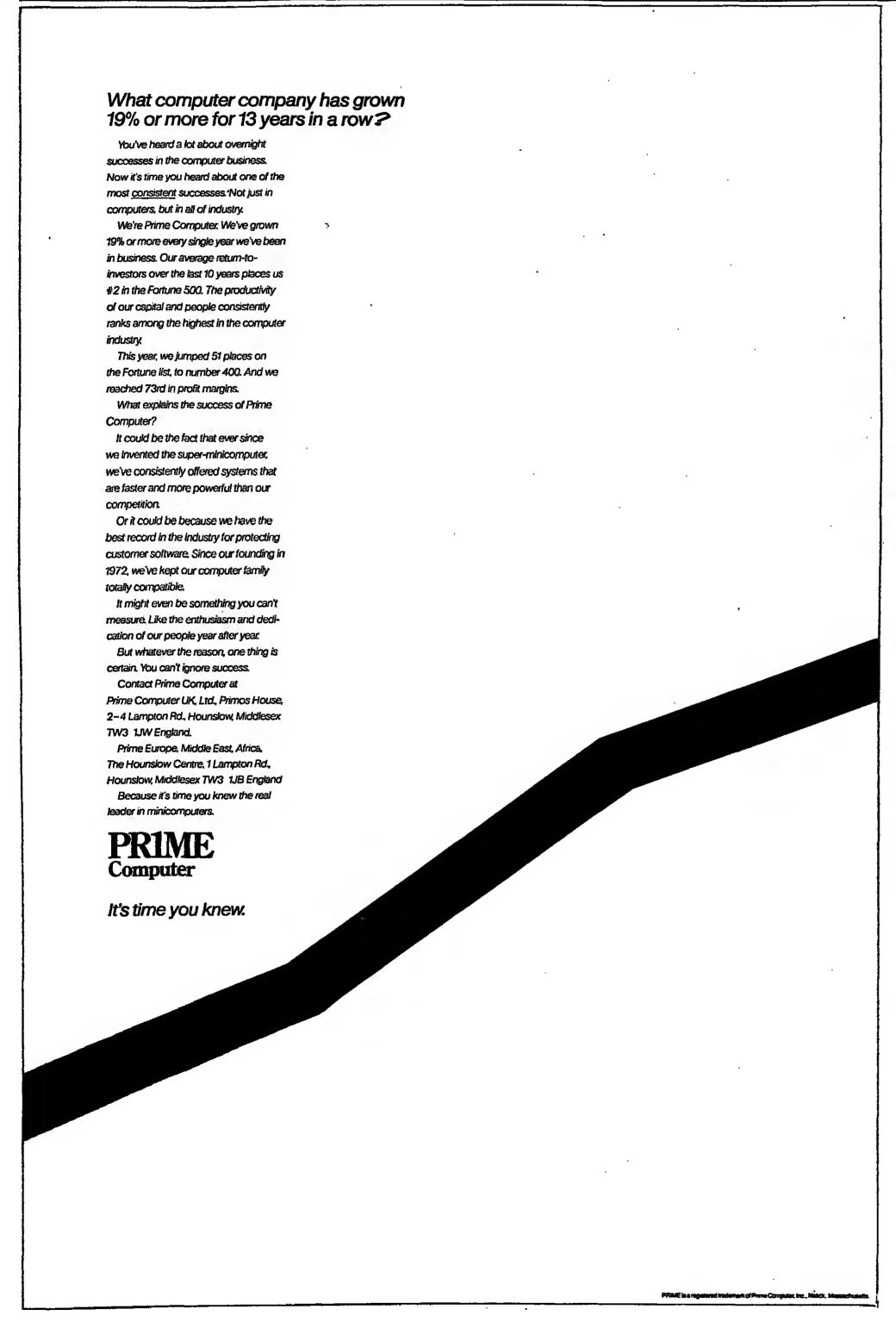
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as follows:

1. The conversion prices in effect before such adjustment were Yen Sak 80 per share of Common Stock for the 1996 Bonds and Yen Lint 80 per share of Common Stock for the 1998 Bonds, and the adjusted conversion prices are Yen 547.60 per share of Common Stock for the 1996 Bonds and Yen 1,1907.00 per share of Common Stock for the 1996 Bonds and Yen 1,1907.00 Bonds.

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covery faster iners forecast



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Fast forward to cheap ways of storing data

Irvine, California, would like to be known as the world's leading manufacturer of multi-user microcomputers. Its place in electronics history, however, is more likely to be guaranteed by its contribution to low cost microcomputer memory techno-

It uses standard domestic video recorders and atandard cord up to 800m (100 megaindividual bits of data (single binary digits, equiva-lent to a single pulses of electricity) at a price of around 10 cents a megabyte of storage.

Until now, this wonder has only been available to owners of Alpha Microsystems' own computers. The company is, how-ever, planning to sell from August a "bolt-on goodie" for owners of IBM XTs, ATs and other IBM plug-compatibles such as the AT&T/Olivetti machines, which will give them access to this remarkably cheap form of data storage for under

For £650 they will be able to buy a plug in printed circuit board, virtually e computer in its own right, which slots into the PC and which enables it to

alpha micro

transmit digital computer data in a form in which it can be recorded on video tape. The video recorder can be of any format, VHS, Betamax or System 2000 and such recorders cost less than £400.

to use domestic videorecorders and videocassettes for data storage is remarkable because of the inherent lack of reliability in these devices. Not the machines themselves — video cassette recorders of whatever make are pretty robust these days and simple to repair — but the recording technology. It was simply not designed for the precision needed in data recording.

image quality - whole frames can be missing from the screen



BY ALAN CANE

So the first test for Alpha Micro was to discover how much data could be recorded on a VCR cassette. The company had already settled on a conservative method of data recording. In the U.S., for example, the stored video signal represents a field of 240 signal represents a field of 240 \$5,000; tha tape used in the lines repeated 60 times a system perhaps \$20.

storage limit for e four bour cassette of 32bn bits of data. Alpha, however, went for reliability, storing only 40 bits along each picture line and making no attempt to store making no attempt to store data during the vertical retrace intervals at the end of each field. That reduced the capa-city of a four bour tape to only Sbn hits of data.

Tests showed that the tape could indeed store that volume of data but not with tha necessary reliability. As the objective, bowever, bad only been to store 800m bits of data, Alpha's engineers reasoned they could duplicate the information several times on each tape.

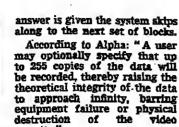
Their tests showed that recording two copies of the data gave an error rate approxi-mately equal to that of "floppy" disk storage while three copies gave an error rate better than that of Winchester disk storage.

Winchester disk technology is one of the most reliable forms of storage known, involving a rigid magnetic disk spinning in a bermatically sealed chamber free of dirt and safe from clumsy bumans.

The Alpha team decided to eeded in data recording.

err on the side of safaty and
The buman eye can tolerate store six copies of the data to ensure its integrity. The data is stored serially, six blocks at a time, as identical blocks with before much deterioration is special inbuilt correction codes tough world, it seems to have noticed. The computer has no in each. As each block is read, shown that a measure of special inbuilty to "fill in" the an error-check calculation is alism tied to a lot of innovation blanks."

The street in a special inbuilt correction codes tough world, it seems to have such ability to "fill in" the performed, and when the right can be a formula for success.



So what Alpha bad developed was an adult version of the cheap cassette storage commonly used on bome computers. It was fast, cheap and accurate.

Streaming tape drives, the devices used conventionally to store computer data cost up to

By comparison, an ordinary VCR costs \$500 or less, and a four bour VCR tape about \$10. But Alpha bad developed more than just a low cost data storage technology; it had invented a cheap way of broad-casting computer data to a large number of microcomputers

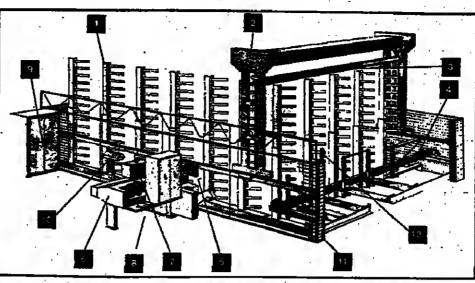
Consider, for example, a company with many microcom-puters spread over a limited geographical area. Using Alpha's video technology, cable, microwave or satellite tele-

vision systems could be used to transmit data to all those workatations simultaneously.

The BBC's Tomorrow's World demonstrated the techniqua two weeks ago, echoing an earlier demonstration at a Canadian Computer Show. The BBC transmitted data from the television studies to a portable computer on top of a crane jib. The signal was then spliced into the transmission allowing Alpha Micro owners to record the informa-tion on their videorecorders.

Alpha claims that its technique enables data to be sent from a computer to anywhere that a TV picture can be

Meanwhile, it continues to make good money from its traditional business of multi-user micros for niche markets. In a alism tied to a lot of innovation



1 Storage racks for bars, 2 Gantry, 3 Arm for accepting bars of varying diameter. 4 Carriage for loading bars, 5 Device for lifting and lowering of roller track, 6 Computer controlled sawing machine. 7 Control panel, 8 Container for sawn pieces, 9 Supervisory computer, 16 Control panel for minor adjustments, 11 Protective fence, 12 Warning light.

Satellite TV: Japan tries again

BY RAYMOND SNODDY

RECENTLY IN TOKYO

be launched later this

summer. But this has now been

postponed until next January

or February to allow ground

When the new satellite joins

nota regions will be able to

the partially functional original

in orbit, the DBS viewers in

receive an education channel as

well as the existing general

The problems of the first

generation of Japanese DBS,

intended to relay existing tele-vision channels to the 420,000

bomes which cannot receive

them, look as if they are going

to be solved.

tests to be completed.

direct broadcasting by satellita
(DBS) project early next year.

The beat becams so intense that part of the TWTAs, which

Since Jepan launched the amplify the television signal world's first high power DBS from earth, melted, satellite last January the project has been a costly embarrassment. At first the Y26bn (£80m) we plan to launch another space satellite." Mr Aoki said. satellite delivered two channels of good quality pictures from the Japanese Broadcasting Corporation, NEK, to mountainous and revious island regions which cannot receive terrestial radiate excess beat.

On the main islands they were picked up by 1 metre dia-meter dishes and as far away as Okinawa on 4 metre dishes. Then two of the three trans-ponders failed and the satellite was only abla to broadcast a

The failure stopped Japanesa consumer electronics companies boping to sell the receiving equipment in their tracks. And there has also been little incengrammes for an audience that has so far reached only 40,000

Mr Kaznyuki Aoki, senior advisor in the Communications Policy Bureau of the Japanese Ministry of Posts and Telacom-munications says it is difficult to know precisely what went wrong with the BS-2A satellite up in the geostationary high orbit.

But the problem was almost But the promem was accurate certainly caused by defective Japan is now pressing aneau insulation and a build up of with a second generation system scheduled to be wave tube amplifiers (TWTAs) launched in 1969.

be restored to Japan's stricken tronics company Thomson CSF, wave tube amplifiers are likely to be Japanese.

"NEC and Toshiba are now developing travelling wave tubes in a joint effort with NHK," Mr Aoki said, "To begin with we did not feel we had the "We are very disappointed but we plan to launch another space satellite," Mr Aoki said. confidence to manufacture high power TWTs. Now I think we Modifications have been can manufacture these tubes," Mr Aoki added. carried out to the Thomson tubes. Mr Aoki said that beat

The Japanese Government sinks had been installed to will meet 35 per cent of the development costs of the two satellite systems which will The second satellite was due broadcast three channels of television programmes.

> The 1989 launch is important for the Japanese electronics industry which sees DBS as the delivery vehicle for high definition television (HDTV).

> Electronics companies such as Sony and Matsushita already have HDTV sets with 1125 scanning lines producing television pictures of remarkable quality compared with existing sets. But they see the new technology as best suited for satellite delivery because HDTV requires five times the data volume of conventional television.

Japanese electronics panies hope that by the turn of the decada DBS will have created a market for HDTV in Japan which will provide the base for an assault on world markets.

High definition television, they hope, will be one of the "new media" products that will mean growth to mature convenvideo recorder markets.

Secretary of Secretary

Automatic saw is a cut above the rest

THREE British companies have taken the plunge into the new world of automated sawing systems to rengineering work-

Hyster, a fork-lift truck company based in Irvine, Scotland, is using equipment that takes metal bars from racks and automatically feeds them into a sawing machine for cutting to slandard lengths.

Yarrow Shipbuilders (owned by GEC) of Glasgow and Brook Motors, an electric motor manufacturer in Huddersfield, dua to take delivery of are dua to tak similar systems

The equipment, made by Kasto of Achern, West Ger-Germany, and sold in the UK by Rivers Machinery of Winchester includes chester, includes up to 180 racks which store bars of steel, brass or aluminium up to 6 metres long.

UK companies have been slow to take up the Kasto automated systems. The company has sold more than 100 to customers in West Germany and elsewhere in Europe.

The inquipment includes a gantry which selects bars from specific rack under computer control, and feeds them to a circular saw which cuts them

into a predetermined shape.

According to Mr Rex Mead,
managing director of Rivers,
tha bardware can feed metal
of set lengths to others sets of
automated machinery such as computerised machine tools Engineering companies that have installed automated sys-

tems to fashion (for instance by drilling or cutting) metal components under programm-able electronic control sometimes find they cannot operate their devices at full speed because the latter cannot receive supplies of raw material fast The automated sawing sys-

tems, which cost about £150,000, are designed to tackle this problem. According to Mr Mead, a computerised sawing system can with one operator do the work of four ordinary sawing machines each of which would require one person. Conventional sawing mach ines, which cut to length indi-vidual bars which the operator

has to load onto the device, can take up to half an bour to reset to torn out a different shape of metal. With the Kasto machminute.



New link-up for futures markets

THE LONDON and Paris commodity futures markets will share electronic price rewill share electrone but the porting by mid-October. The system, known as Manifest, already links London and Amsterdam. It is also links to a direct feed from New York and Chicago.

York and Chicago.
Other price reporting systems from Reuters and IBM are now in use in Paris, but there is often a time delay of the system at time at tim a few minutes between a few minutes between bliding and reporting. The Manifest system works in real time, providing price quotations within one-tenth of a second of bidding.

No trading will actually occur between London and Parls on the link, since Manifest only supplies informa-

Paris on the link, since Manifest only supplies information. However, transactions in Paris will be speeded by the system, since traders there will benefit from the prompt reporting of local prices.

Whenever a deal or hid is made, it will immediately be entered on a high-speed short-

entered on a high-speed shorthand keyboard specifically designed for that commodity and displayed on Manifest floor terminals.

Less confusion will result, the London Commodity the London Commodity Exchange says, as traders will merely check the nearest terminal for instantly trade-able prices. Mistakes will also quickly noticed

Switch on to printer-sharing

A SWITCH which makes it possible for up to six computers to share the same printer has been developed by Nighthawk Electronics of Saffron Walden, Essex.

The switch will work with virtually any computer with a Centronics interface and its operation is entirely auto-

The cost of the switch ranges from £139 for a twoline model to £265 for the 6-line version. It operates from a cable or wall mounted hawk is on 0799 40782.

HELLO, CAN HELLO HERMANN, HELLOTOM HELLO TOM. YOU TELL PIERRE HERMANN CAN'T MAKE THE SALES MEETING THE SALES MEETING THE SALES MEETING HAMBURG-PARIS? IS IN HAMBURG. IS IN HAMBURG. IS IN HAMBURG? HELLO TOM HELLO HERMANN, CAN YOU TELL HELLO PIERRE ITS DEFINITELY TOM'S SECRETARY PIERRE ITS LOOKING HAS HERMANN CALLED LONDON. CAN YOU SAYS HE CAN'T LIKE LONDON? TO CONFIRM LANDON! TELL HERMANN? MAKE PARKS. HELLO TOM, NO PIERRE. YES TOM. HELLO, IM IN CAN YOU GIVE BRUSSELS. WHERE ON WEDNESDAY THE DAYS CHANGED. HERWANN & PIERRE NOT THURSDAY. IT'S FRIDAY. IS EVERYBODY? A MESSAGE?

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BIG OIL ADJUSTS

FOR A man who has recently closed the biggest takeover deal what has traditionally been one of the most conservativety run but that is not the way he international oil companies.

On Monday March 5 1984, he doubled the size of his company with the \$13.2bn acquisition of Gulf which was trying to escape with the \$13.200 acquisition of Gulf which was trying to escape from T. Boone Pickens, the corporate raider. Overnight, Chevron became the higgest gasoline retailer in the U.S. with 34 refineries and close to that senior management time \$2.2bn. It has agreed to sell 30,000 service stations arou the world. Should Mr Keller be regarded as a genius nr e reckless gambler? Wall Street has not yet made up its mind. He was not the only one who had his eye on Gulf, which in terms of its \$28.9bn revenues was slightly higger than Chevron. Mr Robert Anderson, entrepreneurial chairman of the Los Angeles-based Atlantic Richfield (Arco), had put in a \$70 per share bid, whien, with the benefit of hindsight, he is

Arco has since announced a sweeping change in its cormuch smaller company than it was when it was thinking of much smaller company than it was when it was thinking of taking over Gulf. By contrast, Chevron gives the impression that it would do exactly the that it would do exactly the same again if it was offered the chance to buy Gulf tomor-

which are now worth ebout \$16

The Gulf deal has trans- morale.

closed the biggest takeover deal which is having to adjust to competing head to head m in U.S. history, and het his company in the process, Mr for energy prices, Chevron was chairman of Chevron (the nid Standard Oil Company of California) is remarkably unassuming. There is no trace of arrogance about him as he patiently explains his plans for what has traditionally been one twice as formidable as that fac. Mr Ken Detr, regarded by ing other oil industry leaders, many as Keller's beir apparent,

the international oil industry twn major nil companies were which is having to adjust to competing head to head in

Chevron has begun to chip away at the corporate fat and views it.

He admits that there ere excess baggage of the two commore chess pieces on the panies. It has sold off parts of Gulf which the FTC required,

ing operation, Reydrill. Chevron has tied up well over

off the \$10bn raised to buy Gulf and to accelerate a reduc-

right direction for Chevron,

RETURNS FOR LAST FIVE YEARS!

	1980	1981	1982	1983	1984
Net income (\$m)	2,401	2,380	1,377	1,590	1,534
Return on equity (%)	23.6	20.0	10.4	77.4	10.6
Long term debt (\$m)	1,848	2,035	1,934	1,894	12,972
Capital spending (\$m)	3,599	5,568	4,666	3,330	4,786
Proved oil reserves (bn barrels)	1.9	1,6	1.6	1.9	4.0

glad was turned down. Chevron
offered \$80 per share and is
happy that Gulf accepted.

Which company is right?

et the operating level.

division and international driliing operation. Revdrill.

Chevron bas inherited a company whose corporate style capitalisation ratio. Prior to differs considerably from its the takeover the ratio was 10

formed Chevron from one of For just over a year after the the same cannot be said for the most conservatively deal was announced Chevron world oil prices, which is what the most highly leveraged, at Commission to operate Gulf as The price of West Texas

<u>.</u> .	1980	1981	1982	1983	1964
Net income (\$m)	2,401	2,380	1,377	1,590	1,534
Return on equity (%)	23.6	20.0	10.4	77.4	10.6
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Capital spending (\$m)	3,599	5,568	4,666	3,330	4,786
Proved oil reserves (bn barreis)	1.9	1.6	1.6	1.9	4.0

"I would not want to do this sweeping change in its corporate strategy (as reported on June 6) which will make it a months, I think it is pretty half the assets sales of up to \$5bn which it had planned following the Gulf takeover. The money will be used to pay

There are some on Wall Street who wish that Chevron's hid for Gulf bed suffered the generous \$4bn offer for Amax shieb was rejected three years before. For the record Chevron offered \$78.50 for Amax shares which are now worth shout \$16 major corporate reorganisations day last year. But while in-had taken its toll on company terest rates have moved in the

e time when oil prices are sliding down hill. Since the takeover its shares have been shunned by investors and they are no higher today than they were on the eve of the bld although U.S. share prices have share have been shunned by investors and they are no higher today than they were on the eve of the bld although U.S. share prices have short term financial henefits that Chevron's are short term financial henefits they which come from any merger.

While the year long "angure bid for Gulf but be plays" the interim. While the year long "engage bid for Gulf but be plays
In common with the rest of ment" was frustrating in that down the impact.

Aside from the beneficial impact of lower interest rates, when Chevron took a closer look at Gulf's reserve data after the acquisition it found that there was significantly more oil in terms of "probable" reserves, which could be easily upgraded to proven reserves, than it had expected.

Mr Keller plays down the possibility of a collapse in crude oil prices and stresses that even it, beaven forbid, the world price was to drop to \$20 a barrel it would not put Chevron out of husiness and even Gulf would still be able to cover its financing costs.

If prices did collapse, Chevron and every other oil major would cut exploration spending sharply and since this is e direct charge oo the profit and loss account, there would he only e "modest reduction in

earnings."
While Wall Street is meamerised by the impact of softer
oll prices on the ocht-burdened Chevron's short term performance, Mr Keller argues strongly that investors should be taking a longer view. "Our shares are e longer view. "Our shares are seriously undervalued because there is none of the potential value in them," says Mr Keller who does not hide his disgust at the short term investment horizons of many U.S. pension

lifting more than two-thirds of its oil from a single acurce-

world oil prices, which is what is worrying Wall Street. is pinning a lot of faith on the size. The price of West Texas exploration in "frontier" areas, operations.



George Keller: "If we do the job right we should have a leg up on most of the industry"

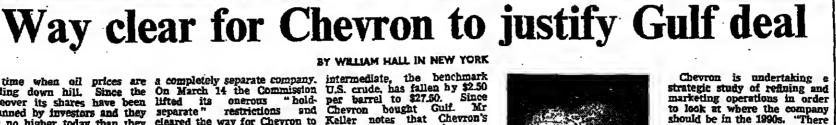
drilled next door to the Alaska national wildlife refuge, and

focused on West Africa while Chevron's concentration has cent to be competitive, we will been in Indonesia, Australia and probably pull out. But in those the Sudan. In the U.S., Gulf's reserves tend to be light crudes from the Gulf States, while the greater portion of Chevron's crudes on and offshore acquisition of Gulf should not California.

gotten that this is the company are devoting their greatest which only five years ago was efforts. It is also the area of lifting more than two-thirds of greatest uncertainty as they decide on the size of company Saudi Arabia. The acquisition that the new Chevron should nearly doubled Chevron's world-aspire to be. It is by no means to about 4bn harrels and able to avoid laying off some of increased its natural gas its 79,000 strong war-forms increased its natural gas its 79,000 strong workforce, reserves by three-quarters to especially if an insufficient 11,300 bn cubic feet; about half number take advantage of early of the oil and two-thirds of the retirement programmes.
gas are located in the U.S.

After the merger th

After the merger the two Although Chevron was the companies held 10.4 per cent company which discovered of the U.S. gasoline market and Saudi Arabia's oil in the 1930s. Mr Keller stresses that he has it does not believe, like some of no interest in being the coun-its partners, that it is owed any try's biggest marketer of petro-special favours in terms of pre-leum products. But be refuses special favours in terms of pre- leum products. But he refuses ferential access to the world's to be drawn on the manpower biggest oil reserves. Instead it implications of any reduction in



He does not share the view of some of his predecessors that in an ideal world an integrated oil company's crude supplies should balance its refining demand. If, for example, the strategie study group recom-mends that Chevron should halve the size of its down-stream operations. "I bave no problem with that" says Mr

are an awful lot of people in

that end of the business" says

However, he rejects the popular belief on Wall Street that the best move for an oil company would be to get out downstream operations altogether."I think that assum that this business will never recover. I think it will, but I think this is the time for a winter pruning," says Mr Kel-ler. "We are not really inler. "We are not really in-terested in staying in any place where we are in the middle of the pack downstream. We have

enhanced oil recovery techniques.

Mr Keller continually stresses Gulfe "excellent fit" with Chevron. Overseas, Gulf has focused on West Africe while conclude that we really need between 7 per cent and 9 per markets where we have 10 per cent it may well be very ettractive to pick up one or two extra percentage points."

The wisdom of Chevron's

alifornia. be judged by the performance While there may not be too of the last 12 months when the While there may not be too of the last 12 months when the much overlap among the two company has effectively bad its much overlap among the two company has effectively bad its much overlap among the two company has effectively bad its hands tied because of Federal the security of our company stream, which is where senior on whet it could do with Guif. It is easily for executives of both companies the the federal are devoting their greatest whether it can make the merger whether it can make the merger work.

Last year Gulf contributed \$40m, or about 3 per cent of Chevron's \$1.5bn net income, and Mr Keller believes thet there is no reason why it cannot increase its contribution tenfold to almost a third of Chevron's earnings by 1989. That sounds impressive, but on closer inspection it does not appear to say much for the performance of the rest of Chevron's business. Either Mr Keller is being overly conser-vative or Chevron needed Gulf more than Wall Street was led to believe.

evious articles in is series appeared May 23, June 3







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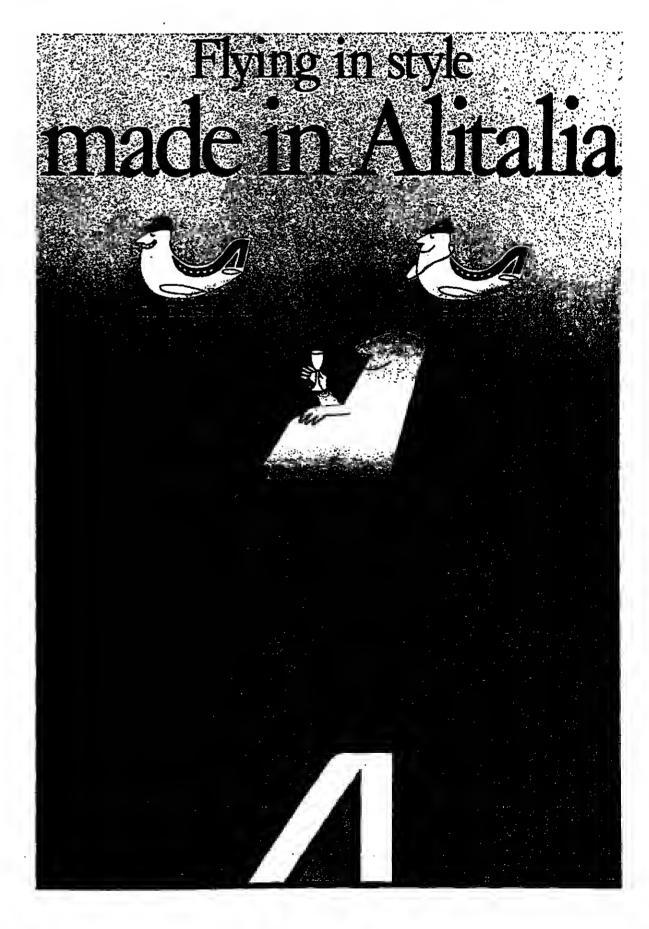
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Anniversary that is not a cause for celebration

By Mark Baker, recently in Lhasa

According to the exiled Dalai
Lama, who is still worshipped
as god and king by most by the fact that in recent
Tibetans, 35 years of Chinese months the Chinese authorities rule have resulted in the have begun to admit the comdeaths of no less than 1m plete failure of their economic
Tibetans in labour camps, policies in Tibet over the past
executions, rebellions and generation, as well as the

that at least 87,000 Thetans the died fighting the occupation of their land. While Peking does not elaborate on the other casualties, the ruined monasteries and settlements that pock the magnificent Tibetan landscape testify to the holocaust that was unleashed during the Cultural Revolution.

There will however he face to the rest of China-and the rest of the rest of China-and the rest of the

That is the 20th anniversary of That is the second an autonomous region of China—a handy was the alarmed realisation geographical misnomer for a that between 1952 and this year nation which rails against the central government poured hegemonism. It has been deemed more than US\$3,050 million in the appropriate occasion to subsidies into Tibet to produce negligible economic growth and little improvement in infra-

emphasise Peting's continuing negligible economic growth and grip over the strategically vital little improvement in infra-structure and living standards. In January the official publi-undertaking a massive capital works programme across Tibet. Economic Journal declared: More than US\$160m is being "Has Tibet, with such spent on 43 special building projects including stadiums, from the state, built its libraries, schools and hotels, economy on a foundation of libraries, schools and hotels,

THIS October marks the 35th anniversary of the march into Tibet by Mao Tse Tung's eastern China to see the jobs triumphant People's Liberation Army.

It is an anniversary which the 1.8 million people of Tipet will not be celebrating and which the Chinese will discreetly overlook.

According to the exiled Dalai

generation, as well as the inadequacy of remedial through starvation. inadequacy of remedial The Chinese themselves admit measures applied in the past that at least 87,000 Tibetans few years.

There will, however, be in the rest of China—and the official festivities in September. old planning precepts are being dumped.

Behind the change of course

developing on its own? Regret-ably, the answer is negative. mitput—worth \$57m last year. Tibet's entire economy has de-clined and become more and Chinese authorities were ad-

clined and become more and more dependent on state subsidies."

The Journal said that every 1 Yuan (about U.S. 35 cents) levels of before the Cultural created in Tibet required state subsidies of 121 Yuan. It estimated that to bring Tibet into line with the national target of quadrupling output by the turn of the century would require additional subsidies of more than \$1.535m.

Chinese authorities were admitting that the living standards of a third of the population had fallen below the population had fallen below the subsidies of before the Cultural Revolution, in the mid 1980s. Officials in Lhasa say the average per capita income of agricultural workers was Yuan 317 last year—haif the national average.

Almost 75 per cent of Tibetans are illiterate (compared with \$1.9 per cent

Almost 75 per cent of Tibetans are illiterate (com-pared with 31.9 per cent throughout China). The average life expectancy is still only The Journal said subsidies had been squandered buying state goods, instead of develop-ing local production. It said about 40 years (against a

> The Chinese Government has spent huge amounts maintaining control over the troubled territory

of China, which eccounted for 96 per cent of the goods retailed in the region.

The Chinese Government has spent huge amounts maintain-ing its control over the troubled territory, but has made little headway in providing better education, public health or in

Economic Journal declared:

Tibet has risen tenfold since suffered more from the leftist and the bureaucracy, still extremism than any other production the state, built its 90,000 Han Chinese civilians imported to Tibet, consumes more temples destroyed and hundred by a core of the thousands of monasteries and committee, the senior leaders that have heard the talk before an among the poorest people and the poorest people and the poorest people and the senior than any other minorical from the state, built its 90,000 Han Chinese civilians imported to Tibet, consumes more temples destroyed and hundred by a core of the thousands of monasteries and committee, the senior leaders the senior leade

that in 1983, 62 per cent of the claimed 65-plus nationally) and subsidies had been spent on the infant mortality rate is huying goods from other parts helieved to be well in excess of

150 per thousand births.

The economic failure in Tibet has been the result of political upheeval, misguided ettempts by the Chinese to overthrow traditional agricultural customs

territory, but has made little and natural disasters.

headway in providing better education, public health or in located by rebellion from the developing local management skills.

The cost of administering the subsequent decade, Tibet Tibet has risen tenfold since suffered more from the leftist 1952 and the bureaucracy, still extremism than any other prodominated by a core of the vincial area of China with and natural disasters.

dreds of thousands of Tibetan buddhists persecuted, many

INDIA

fundamental to the present economic crists has been the determination of the leadership to force the same economic policies on Tibet that were applied in the rest of the

USSR

country.
Traditional Tibetan agriculture has revolved around a simple pattern of herding yaks, goats and sheep and cropping hill barley. But the Chinese forced most of the herdsmen into collectives and ordered mass planting of wheat.

The results of the policy can be seen today in the thousands of square kilometres of abandoned hill terraces across Tibet, leached of nutrients by unsuitable wheat strains and eroding into wastelands. Many thousands of Tibetans forced away from the traditional herding patterns are believed to have starved to death in suc-cessive droughts from the late

Since 1980, the authorities have begun to dismantle the rural collectives in Tibet, in line with the national economic reforms. They have abandoned the disastrous winter wheat policy and have appointed enew (Chinese) local leadership. But the changes, crippled by three seasons of the worst droughts on record, have droughts on record, have achieved only limited improve-

more radical changes.

The household has been restored as the basic unit of restored as the basic unit of production and 90 per cent of agricultural families have been given leases over their land for between 30 and 50 years—at least double the most generous rural leases in the rest of

BURMA

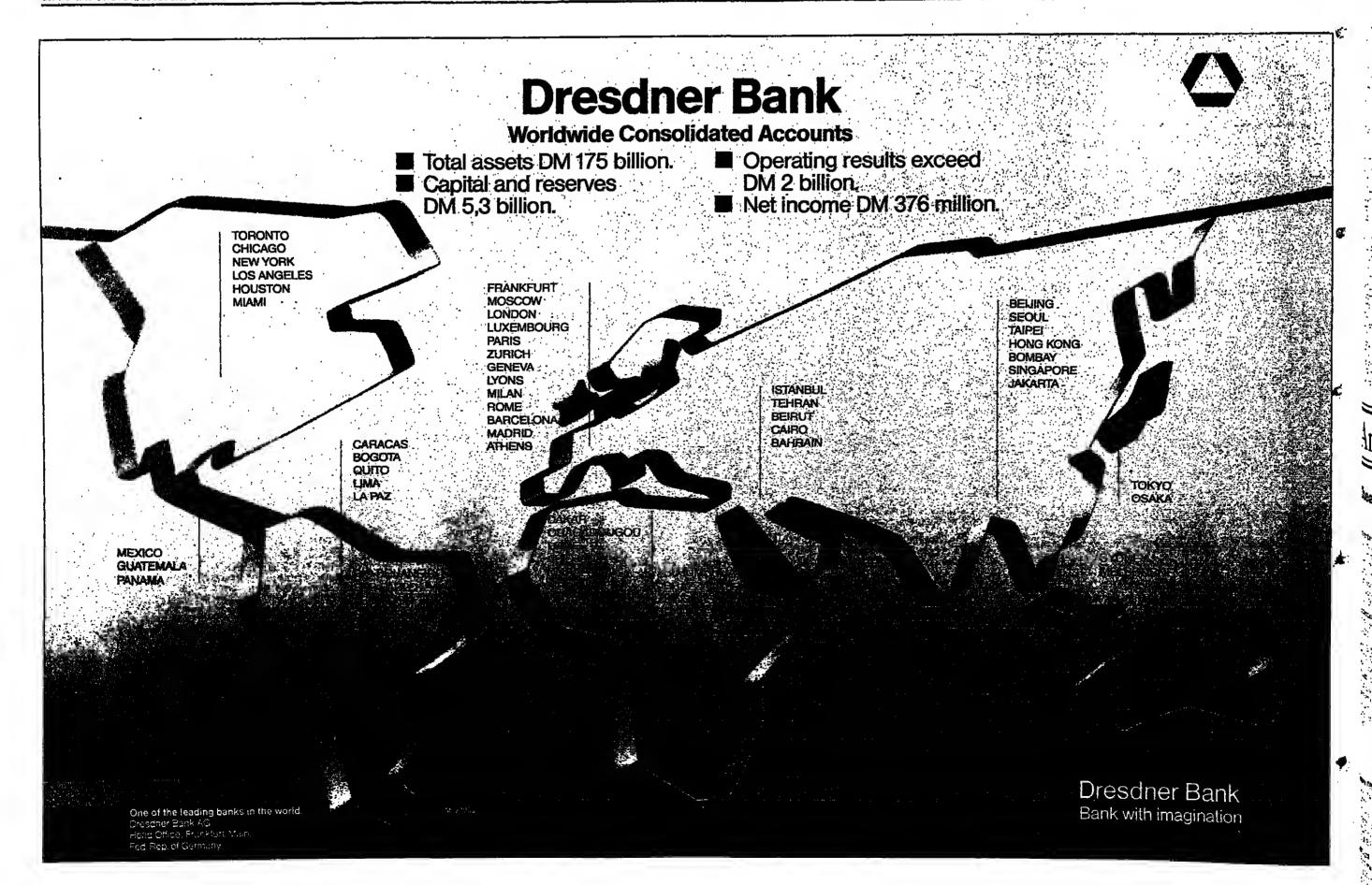
MONGOLIA INNER MONGOLI

In addition, 95 per cent of families have been given animals to raise and the communal animal stocks have been broken up. Families are also being encouraged to undertake profitable sideline production and plans will be drawn up over the next five years to promote specialisation in new areas like

fisheries and forestry. Reform is also underway in industry, which has been even more retarded than agriculture. accounting for barely a quarter of Tibet's total output of \$288m last year. Enterprises are being given more autonomy, individual Tibetans are being urged to start businesses and free markets are to be ex-

Other provinces of China are expanding their trade and investment in Tibet, the border with Nepal is being opened up for much greater trade and tourism and the authorities have discovered the potential of western tourists, predicting as many as 200,000 a year hy

But the Tibetans, who remain among the poorest people in China and who have suffered more than any other minority, have heard the talk before and



THE ARTS

Ariadne auf Naxos/Covent Garden

David Murray



Jessye Norman, the Ariadne, at Covent Garden

resemblances Joachim Herz's wicked, mickeytaking Dresden production (seen at Edinburgh), which was unconscionably funny, Marti-noty'e isn't; it is e richly dressed culinary event, Ariadne als Luxus-Oper.

Mostly it sounds splendid, as well it might. The Ariadne is Jessye Norman, hamming over the top in the Prologue, but later unleashing that magnifi-cent voice to glorious effect— and with more intelligent pas-sion that most Ariadnes can command. Her Bacchus is the bluff, reliable James King; much of the hloom has gone from his Heldentenor; but relia-bility in this hrute of a role is something to be grateful for. Kathleen Battle's Zerbinetta

is immensely polished, musical, accurate and pretty. Her coloratura is of the douce variety, without the "ping" of more hrazen, heart-on-sleeve Zerbinettas. Zerbinetta's heart is not on show here—the busyness of music-hall team number, with a for it, neither in her great set-picture-book catalogue of con-quests like Don Giovanni's. Yet, (but isn't perceptibly) her

to demi-seduction of the Compo in the Prologue. Similarly, the anxions flapping prescribed to Norman Bailey's fine Music Master unfairly conceals his

sage kindliness.

sage kindliness.

Perhaps the suppression of the Zerhinetta-Composer rapport is by design, for the Prologue here emphasises—especially musically—the young Composer-as-rspt-viaionary. Ann Murray's winning portrayal, subtly and delicately accompanied by the conductor, Jeffrey Tale, has a lovely, private inten-Tale, has a lovely, private inten-sity, isolated among the professional stage-folk, if not the ulti-mate degree of mezzo fullness

in the low register.

There is a goodish trio of Nymphs, and a first-rate team of Comedians, with Eric Garrett, of Comedians, with Eric Garrett, Kim Begley and Wilfried Gahmlich attractively led by the remarkable young Olaf Baer. Robin Leggate's Dancing Master is a clever study. Tate is generous to his singers, and he points up many unfamiliar tonches in the score with finesse. Nothing sounds brittle, and there is a good earthy

Akhnaten/Coliseum

Max Loppert

On Monday evening the English National Opera became the first Brilish company to mount an opera by Phillp Glsss. This is Akhnaten, first given at Stuttgart in March last year. It is in fact the American com-poser's third opera (although whether the first. Einslein on the Beach, the abstract panto-mime devised by Glass and Robert Wilson, should properly count as such has been the subject of some dispule).

Akhnaten follows the Gandhi-inspired Satyagraha (1980) in elming to be (In the words of the libretto introduction) "not a 'story' opera but an episodic-symbolic portrait of a historical symbolic portrait of a mistorical personality whose visionary ideas dramatically changed the world around him." Akhnaten, Egyptian pharaoh from 1375 BC to 1358 BC, is one of the earliest "reformist" rulers on historical record. Having ascended the throne, he changed his name from Amenhoten IV to Akhnaten to mark botep IV to Akhnaten to mark his espousal of one god (Aten, an abstract concept symbolised

He destroyed images of the old gods, built a new city, end with his queen, Nefertin, ruled in enlightenment and peace until the threat of barbarian invasion roused dormant con-servative forces to opposition. After his death, the old order was restored and his name reviled; but the hymns to the sun which survived from the period have made Akhnaten a nolahle figure for modern rediscovery, for they show that his concept of monotheism strikingly pre-figured that of Judaism.

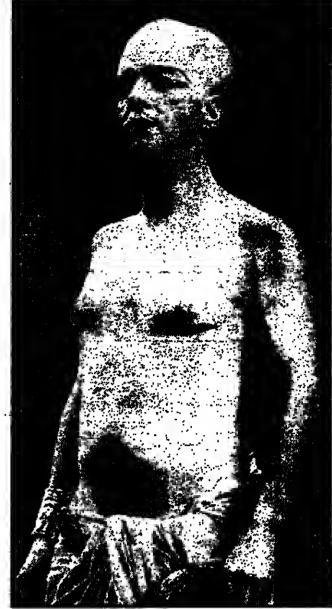
Ancient Egypt is a fertile plundering-ground for opera creators (it's a witty stroke of ENO planning to play Akhnaten in repertury alongside Aida). But Glass'a opera, in three acts divided into 10 scenes with and there is a good, earthy prelude and epilogue, is not at Schwung in the comic music; all in the Meyerbeerian Grand

Opera line. The libretto, pro-duced by the composer with ground plan of Rheingold's four associates, traces the rise opening E flat progressions, and fall of Akhnaten in scenes that avoid direct narrative presentation. For his words Glass has drawn on the ancient texts, sung mostly—except for the Act 2 "Hymn to the Aten" —in the original languages (spoken passages are in Eng-lish). The Intention was clearly to set the sequence of scenes in a timeless context, rather as Stravinsky's use of sung Latin set the myth of Oedlpus.

It is a libretto of procession, panlomime, ritusl dance—bul no action. To it, Glass's whole musical aesthetic proves apt and closely suited. Those who have followed the work of the American "minimalists" since their heginnings will find that the score of Akhaten makes advances on the earlier, non-theatrical Glass in its increased command of subordinate elements—the range of available hermonics but the conditions of t able harmonies, rhythras end eolour devices is enlarged, the use of voices is at once more ambitious and more conventional. Orchestra (plus harpsi-cbord end percussion, minus violina) and voices (solo and chorus) lap luminously scross one another; combinations are light, delicate and sophisticated. But the underlying techniques of scenle construction are essentially those of Glass's original vein—infinite repetitions, slightly varied, of celllike tonal statements, building up into long, patterned spans of tranced time. It is these techniques, above all, that will separate the Akhnaten fanatics from others in the sudience perhaps overhurdened by the progress of operatic history, and puzzled or even disturbed by Glass's slow-moving, serene, elegantly mechanised simplicities as the latest development If the whole of The Ring bad Angas.

something akin to Akhnaten might have resulted: epic rendered as gently incantatory ritual. Much of it is besutiful, Some of it (the pulsating cornation and temple destruction scenes) is stirring. None of it is harsh or rebarbative. But on me the impression left by Monday's performance was one of mystico chic, palatable smooth and self-absorbed, not of a genuinely innovative act eperatic clarification and

It could be, however, that the impression was not an ideally accurate one, for the production by David Freeman — originally seen in Houston and New York —seems calculated to subvert the style and sense of the store the style and sense of the store
every turn. A composer's
note in the libretto pardons producers' licence in advance; even
ao, intending ENO patrons
should be warned that advance
perusal of the libretto will
prove no guide to what is
actually seen on the Coliseum
stage. The dramatic unfolding
as implied by Glass's text and
as demanded by bis score would
appear to be one of extreme
spareness—static, carefully,
stylised of movement, played
on a cleanly outlined set. Instead, the Freeman ahow fills
up the spaces of the music with up the spaces of the music with husiness of his own invention. The treatment of the music has been rather more faithfully underlsken by Paul Daniel and the ENO musicians (not always quite together on the first night). And the cast is excel-lent: the countertenor Chris-topher Robson radiant in the Utle role (he is presented with elongsted head and herma-phroditic breasts), Marie Angel, Sally Burgess (a lustrous Neiertiti), Graham Matheson-Bruce, Chrislopher lustrous Matheson-Bruce, Cr Matheson-Bruce, Cr Tones and



Christopher Robson in the title role of Akhnaten

A Midsummer Night's Dream

Michael Coveney

What heresy was afoot? The Open Air Theatre had promised "a new concept" of A Midsummer Night's Dream. Good grief, the regulars would throw their cushions on the stage; how would the Japanese tourisla take lo a nude Titania on stilts or her body-popping fairy retinue, transexual lovers or an over-endowed donkey? Jan Knott and Peler Brook

dell'arte players are forced fuming into collaboration, is

chock-a-block with super-numeraries, elaborate mime, extra japes. The opera-within-tbe-opera, when II comes, has

minimal props and the air of desperate improvisation (as in

desperate improvisation (as in Dieter Dorn's inspired Salzburg version)—it is after all a oneoff performance in e privata palais. But Martinoty embeds it among a host of guests in masquerade drag, with the hackstage people from the Prologue urging things on from the wings; and at the end a coup de chic has everything swallowed.

chic has everything swallowed up by a vast starry tapestry.

Where the recent Coliseum version severed all contact be-

tween the hostile tronpes (and

thus the central nerve of the npera), Martinoty hauls them

into continual confrontation.

skirmishing onstage and off. Ariadne's solos — even "Es

gibt ein Reich" — are beset by importunate comedians. Zerbi-

netta herself has to deliver "Grossmächtige Prinzessin" as

the mere principal in a wbole

Maria 7 . . .

might have a lot to answer for. Luckily, or if yon like un-luckily, the alarm was false. Admittedly actors mingle ominously with the audience, the cast remains onslage through-out the play and Peter Quince enquires after the interval:
"Are you altting comfortably?" This is all part of director Tony Robertson'a "show in a skip" strategy, all a hit too redolent for my taste of Shared Experience and the RSC's Nickleby. But the air of casual intorn alily is merely peripheral.

The Dream as a fit-up show is not, in any case, a good idea. Is not, in any case, a good idea.
Shakespeare got there first with
the mechanicals' performance
and that indestructible scene
is here adorned with some
splendid minor innovatim:
Quince turns up as Ninus' tomh, a gravestone tied on his head, and Thisbe's invocation of "the aisters three" results in a berserk trin in white robes crashing, just off cue, through the fragile scenery. At Monday's preview, the dusk gathered for a traditionally spectacular finale, the trees suddenly ablaze with fairy lights while Oberon's "Now until the break of day" is delivered as e haroque com-pany churale, intoned in a lush

one of the most endearing and not.

genuinely energetic I have seen. Mr Nicoli, with a heavy-weight's huild and a flattened nose, resembles a refined ver-sion of Alexei Sayle, and is ohviously an actor to watch. He is both forceful and sympathetic, carving the weaver's mock heroic gestures as deli-cate extensions of his own hulk, gargoyles on the façade.

As is usual since Brook's As is usual since prooks production, Oberon and Titania are doubled with Theseus and Hippolyta, though in this instance without much reverberation. Patrick Ryecart plays both lords with a golden aristo-cratic languor and plnmmy voice, hitting a good mix of playfulness and disdain in the forest caper. Jenny Quayle sports a leopardskin for the Amazon and, as Titania, rolls around, not all that exotically, in a diaphanous green fairy number. John McAndrew is a English summer days which rather than "Bearded" (short the roll of the summer days which rather than "Bearded" (short the roll of the roll o nimble Puck. Titania's fairies a scavenging crew with jumble

sale manners. The pick of the lovers is Serena Gordon'a Helena, compensating for an undeveloped comic technique with high spirits and attractiveness; Alyson Spiro belts out Hermis, but the production bas not yet achieved a strong rhythm in the quarrel scene, although Mark Culwick as Lysander scores a big laugh when, on being kicked in the groln, he declares: "There's no following

her in this vein."
In Nancy Meckler's Lelcester Dream last year, the People Show were musical mechanicals and, following that example, Mr Robertson bas encouraged the artisans to hit cymbals and bongo drums whenever the staccato.

These honuses spart, the best reason for seeing the show is Vincenzo Nicoli's Bottom, is Vincenzo Nicoli's Bottom, even if well done, which it is

If it doesn't feel like summer it certainly looks like it last: it is raining, England is Television intended to iguore playing Australia at Heading-the cricket until 12.20. Sadly ley, and the BBC has quietly we opened the curtains, letting ley, and the BBC has quietly, we opened the curtains, letting packed the schedules with second-rate programmes in the hope that we shall all be so busy with cross-Channel ferries the pleasure of the occasion.

busy with cross-Channel ferries that we will not notice. The Corporation's reputation is saved hy coverage of The First Test, but only just. It takes a whole day of immaculate outside broadcast work by Keith Mackenzie, Mike Adley and their team to offset the memory of something such as Rachel and The Roarettes. But let us give credit where

ters and gloomy autumns. It would be even better if he could dawned hright and sunny, cans-ing people all over the country without messages to his offing people all over the country without messages to his off-to burry to their sitting rooms spring in Australia, and best of after breakfast and close the all if be could stop his Bunter curtains in expectation of a act with listeners cakes full day's cricket. To our surprise we discovered that instead of the mystical restfulness colleagues last week. stead of the mystical restfulness of a series of electronic Constables from the Leeds cricket for them, do 1?" replied such as that, however, and the engrossing subtlety of the fivepale blue and then white flecks against vivid green, BBC 1 was hringing us the scarlet and gold bustle of the Horse Guards Parade, with Tom Fleming doing his splendid impersonation of Richard Dimbleby describing the Trooping The

In consternation we switched to BBC2 only to find an anxinus-looking man talking about degradation schemes for of what is happening on the cleaving molecules. Obviously field. If you use radio as your bowler or the batsman, not the Open University. It turned primary source and bave a both, and with what appeared out that, on the third day of sedentary occupation it is quite to be fixed-focus lenses you had

The It has long been true that the is best of all possible worlds for Test matches is achieved by switching on the television, turning down the sound, and playing the Radio 3 commen-tary over the pictures. There is, of course, the Brian Johnston problem. It would be hearten-ing if Johnston, one of the chief radio commentators, could just Bearded Wonder

Johnston.
"Not more than eight times a day, no," said his colleague.
Despite all that or, to some extent, perbaps, because of it, the radio commentators do manage to convey in the course of a Test an odd sensation of relaxed familiarity so that the listener feels as though be is sitting in the pavilion, just out of sight of the game, with a friend calling out a description

intimations of political despair.

(836 8243).

(836 8243).

he Government Inspector (Olivier):
Striking but unfunny revival with
under-equipped TV comic Rik Mayall playing the poseur as a shricking
nose-picker. Richard Eyre a produc-

mose picker. Annual Lyang promition for the NT lacks either comic tension or true delirium but, with

John Gunter's imposing design of bureameratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New

translation by Adrian Mitchell (928 2252).

(926 2252).

numbers (Aldwyth): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earth bound George Moore II than was Michael Hordern, Felicity Kandal delightful as his retired musical comedy wife. Peter Wood

musical comedy wife. Peter Wood directs. (886 6404, credit cards

no hope of following the ball to the outfield, or even follow-ing the bowler on his run-up, Today, with wide-angle and telephoto lenses, a square-leg camera, "inlays" to show the running between the wickets possible to continue with your job, glancing round for the television pictures of the replays whenever a boundary is scored

Early on Saturday afternoon, f course, it would have needed a listener with a will of steel not to watch the pictures continuously as Botham, supported by the new wonder boy Tim Robinson, ripped into the Australian bowling attack. His performance while putting on 60 runs in 50 minutes, including a six over long-on which cleared the boundary at the three-storey level of the Press box, was the most electrifying bit of entertainment on television for months.

experience of seeing a Test on television is in some respects better than watching it live. While the spectators in the stand argue about whether the hall hit bat or pad we at bome can distinguish quite clearly from the slowmo.

The expertise of the BBC's
OB technicians is still, in my

while the main shot covers the

full field, and of course instant

replays including slow-motion, not to mention full colour, the

The audience has not changed. What is wrong with the writers and producers? Thank goodness our cricketers can still entertain us

Television/Christopher Dunkley

day game which make Test cricket such good television. It is also the free flowing work of the BBC's OB (outside broadcast) crews. Monday after-noon's nostalgic clip of monochrome film showing Fred True-man taking five Australian wickets for nought at Heading-ley in 1961 proved just how far OB techniques have come in 25 years. In the Trueman era primary source and bave a both, and with what appeared sedentary occupation it is quite to be fixed-focus lenses you had

It is not only performances experience, unmatched any-such as that, however, and the where else in the world. So far this year I have not once seen a cut lo an out-of-focus camera; not once seen that amateurish focus-pulling which keeps every-thing consistently fuzzy as it tries to follow something in long-shot; nor once had the frustrating experience of mov-ing along just bebind the action instead of with it-errors which you will always see sooner or later (usually sooner) when watching sport in any other country, even including the US where televised sport is generally very good. Sunday night's OB by Italian

cipale of the Eurovision Young Doneer of the Year contest abowed how not to do things. The set with a beavy black horizontal line at the top of a select three contests. raked stage ensured that much footwork was hlurred. The unchanging dusky pink lighting was not good for television; and the limitations of the camera positions made for a monotony which ran right across different which ran right across different dancing styles. To make things worse Humpbrey Burton, whose desire to import his own enthusiasm can work very produc-tively, seemed to be waffling uncharacteristically nervously.

It says a lot for the spirit and attractiveness of the young to conclude that there is now dancers—and for the infectious one standard for men, and lower, for the like a typical another, much lower, for galety of what reft like a typical another, and the summery Italian occasion—that despite all this there was never any question of switching off.

Usually in contests of this sort hern written by a man. It is, there written by a man. It is, there were by the condescendent of the summer of the su the judges seem to fall surely, desperately condescend-(astonisbingly, heing professionals) for the most superficial charms, and this occasion ran true to form: Aranchia Arguelles, at 14 the youngest competitor, did have astonishing stage presence and also a flash was so carefully hidden? It competitor, did have astonishing stage presence and also a flasb way with fouettés, even if tha gramophone could not keep time with them as an orchestra can. But taken altogether her performance impressed us less than that of several others. especially the Norwegian youth Arne Fagerholt, who was ranked No 1 in our bouse. Gratifyingly the judges did place him second, so for once honour was pretty well satisfied.

Elsewhere the BBC's summer

television direct from Reggio Emilia's glorious Teatro Muniparticular BBC2's "Summer Season" of single plays is show-Season" of single plays is snowing vividly wby Michael Grade
was so loth to have them on
BBC1. The opening production.
Long Term Memory, by M. J.
Read, had a deep sadoess buried
at the centre of its story about
a sollcitors' clerk wbo longed
to be a decree hard musician. to be a dance band musician. It also had the best performance I have seen from Patrick Troughton. But It was yet another of those dramas which feel as though they have been worked up from a social worker's case-notes.

The secood, Rochel and the Roarettes, was so embarrass-ingly inept that one was forced was so carefully hidden? could not have been, could it, that the raunchy Roarettes bad to resort to a hated man for their motorcycle stunt shots?)

Why is it unthinkable that, instead of this sort of work, television should produce single dramas able to appeal to the public as powerfully as Brief Encounter or The Third Mon or Kind Heurts and Coronels? The audience bas not cbsnged; what Is wrong with the writers schedules have been filled far and producers? Thank good-too often with the sort of pro-ness our cricketers can still grammes which nobody would entertain us.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

June 14-20

Theatre

NETHERLANDS

Amsterdam, Stalhouderij (Berste Bloemdwarsstraat 4). A solo double bill from Barbara McEly in French Gray by Josef Bush (Marie Antoi-nette's meditations on the night be-fore she goes to the guillotine), and Chekhov's No Smoking (Wed to Sai). (262262).

Amsterdam, Stadsschouwburg. Chi-nese puppet theatre (Fri. Sat). (242311).

RA by R. Murray Schaler, directed by Thom Sokoloski, a theatrical jour-ney (literally) from dusk to dawn based on the ritual of the Egyptian oased on the ritual of the Egypton sun god. Starts in Amsterdam, lishreker (Weesperzijde 23), by bus to Leiden, where the performance begins at sunset (Mon to Thur). (68 18 05).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with so improved third act. Michael Blakemore's brilliant direction of backstage shenonigons on tour with a d-rate farce is a key factor. (838 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollersksting folly has 10 minutes of Specific movie magic, an exciting first hall and a dwindling reliance oo indiscriminate rusbing around. Disneyland, Star Wars and Cats are all ifluences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems in-clude There's a Small Hotel, Glad to be Unhappy and the Balanchine bal-let for Slaughter on Tenth Avenue. 2nd Street (Drury Lane): No British

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been raphurously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (838 8108).

Me and My Girl (Adelphi): Sleek, effi-cient and enjoyable revival of Brit-ain's biggest war-time musical hit with Robert Lindsay in the Lapino Lane role emerging as the best new musical star since Michael Craw-ford. (8367611).

Barnum (Victoria Palace): Michael Sermine (victoria raisce) sitematic Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in e likeable meringue of e musical (8341317, credit cards 828 4735).

Richard III (Barbican): Last year's Stretford-upon-Avo production with Antony Sher demonically exciting as Richard in the RSC revival by ing as Richard in the table review by Bill Alexander. Plays in repertury with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (6288795, credit cards

Pravda (Olivier): Entertaining epic new play by David Hare and How-

ard Brenton for the National Thea-tre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jon-sonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who persentes the Establishment. who penetrates the Establish while a nation dithers. (928 2252).

Old Times (Haymarket): Pinter's 1971 reminiscent idyll has Liv Uliman and, in the best performance, Michael Gambon competing in the present and the past for a glacial Nicola Pagett. David Jones's smooth production is less monumental in tone than was Peter Hall's: the text is very fine and very finny. (9309832).

Waste (Lyrie): Deserved transfer to Shaftesbury Avenue for the RSCs fine Harley Granville play about a politician ruined by sex scandal. Daniel Massey and Judi Dench head John Barton's production.

Breaking the Silence (Mermaid): Another RSC transfer, of Stephen Poliakoff's account of his family's emigration from post-Revolutionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (236 5568).

The Mysteries (Lyceum): The theatre of Henry Irving and Joe Loss restored for theatrical performance after 40 years. Bill Bryden's NT production in three parts is not to be missed, one of the great events of All three shows played

All three shows played

All three shows played version of this swashbuckler.

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays: A Kind of Alaska in which e victim of sleeping sickness awakes after 29 years; Victoria Station, a funny throw-back to Pinter's early revue sketches, and last year's One for the Boad, e chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. CHICAGO

Six Characters in Search of an Author (Goodman): Robert Brustein brings his acclaimed American Repertory Theatre to Chicago for this Piran-dello classic. Ends July 14 (443 3800).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Num's production of T. S. Elion's children's poetry set to tren-dy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of thestricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broad-way in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropri-ately brash and leggy hooling by a large chorus line. (977 9020).

Dreamgirls (Imperial): Michael Bennett's latest inusical has now become a stalwart Broadway presence despite the forced effort to recreate the career of e 1980s female pop group, a la Supremes, without the quality of their music. (239 6200). Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's

mix of memories and jokes focuses on a Depression-era Jewish household where young Engene falls awk-wardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longestrunning musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story i which the songs are used as auditions rather than emotions

(239 6200).
Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions e musical with dots and dashes of song that end too soon but work well with Tony Straiger's pretty set and James Lapine's book which changes gears in the second act. (239 5262).

(23) 6282).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gandy chorus numbers. (157 2628).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's touching and funny recollections as a drag queen add up to the best histrionic Sarah Bernhardt role on Broadway today. (3449450).

(944 9450).

TOKYO

Takarazuka All-Girl Revue: The Ma-tador of Cordoba and Lumière. This 100-strong troupe is famous for its spectacular musicals and elaborate effects. The antithesis of Kabuki, where girls play the men's roles, as a uniquely Japanese phenomenon, Takarazuka are worth seeing and provide an entertaining evening if only for curiosity value. Detailed English programme notes assist the following of often highly improbable plots. Takarazuka Theatre, near improbable plots. Takarazuka Theatre, near improbable plots. perial and Palace Hotels and Ginza. (591 1171).

Saleroom/Colin Amery

Record price for vases

A world record price of \$\frac{\pmath{418,000}}{\pmath{418,000}}\$ was peid yesterday for an important pair of Imperial Famille-Rose vases of the Qianlong period et the Sotheby's Sale of Chinese ceramics and bronzes. These vases had the all-important and rare four character marks and were decorated with delicalely projected branches of hlossom the sale ensured that it was not affected by the recent flood of illegally exported wares from China. The total for the whole sale was \$\frac{\pmath{418,000}}{\pmath{418,000}}\$ water colours and drawpainted branches of hlossom and rocky landscapes.

A twice-lifesize carved wooden figure of Guanyin of the Northern Song dynasty went to the dealer Eskenazi fur £242,000 (estimate £150,000-£250,000). This was a remarkably carved robed figure with traces remaining of early coloured decora-tion. The Hong Kong dealer Robert Chang was active at the sale, paying £68,200 for a finely painted Ming blue and white ewer, similar to a fine example in the British Museum collec-tion. Chang also bought the blue Qianling jar and cover for £28,600, an unusual example following much earlier Ming prototypes.

A pair of finely modelled estimate. A Hong Kong collec-tor paid £60,500 for a greenishgrey glazed Song dynasty fix lobed dish—as good an example as sny in the Taiwan Nstional Museum.

The high quality of the cent was brought in.

English water colours and drawings reflected continued huoyancy in the market. A good example of the work of Archibald Thurburn, A Mollard By I Luke in Snow, almost a classic of its type, sold for twice the lowest estimate and went tn dealer Malcolm Innes

An interesting album of drawings, water colours and prints hy members of the London Sketch Club that had been presented in John Dingwill Hassall In 1899 was sold by his widow for £2,700 to the dealer Beetles. The London Sketch Club was founded in 1898 and included many contemporary cartoonists, amongst them Cecil Aldin and H. M. Bateman. The same dealer pald £1,944 for an Wanli figures of immortals amusing example of the work fetched £68,000, well above the of William Heath Robinson en-

> The total for this sale, which included a series of water-colours of Venice belonging to the Canaletto expert J. G. Link, was £72,948 and some 11 per

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

est figures from the Central Statis-tical Office yesterday.

They showed that total output, including oil and coal, has at last climbed back to the average level reached in 1979, at the peak of the last business cycle. However, output is still slightly below the level reached in the second quarter of 1979, when production was boosted by the recovery from the strikes in the so-called Winter of Discon-

In the three months to April, total output grew by 2½ per cent, compared with the previous three-

Manufacturing output also in-

reased in the latest three months, to a level which was 1.2 per cent above the figure for the previous three months and 2% per cent higher than a year earlier.

In April, manufacturing output settled back slightly from the buoyant March figure to a level which is still 7 per cent below the average for 1979. The figures show that in been in the capital goods and intermediate goods categories.

That is consistent with recent growth in output would slow.

UK INDUSTRIAL output rose in month period, partly as a result of survey evidence showing that com-April to its highest level for more than five years, according to the latter the ending of the miners' strike. months to April, production of capital goods was 6 per cent higher than in the first quarter of last year. Production of intermediate goods, which includes components, also recovered in recent months - but only to a level about the same as that for this time last year.

The latest production figures seem to confirm the optimistic picture of continued recovery su ed by the most recent survey by the the manufacturing sector, the fast-est increase in recent months has That showed that order books had reached record levels, but there was some expectation that the pace of

reprieved by the Government. Without the miners' strike, BSC would have made a small profit after interest for the financial year to March 31 1985, considerably better than the Government's target of break-even before interest.

BSC back

to profit

pit strike

BRITISH STEEL made "a modest

months of this financial year, after

recovering from the impact of the

miners' strike, Sir Robert Haslam,

the chairman, told the House of Commons Trade and Industry Com-

The strike cost BSC some £180m

a possible closure of the Ravens-

craig strip mill in Scotland, already

after

Questioned on the planned closure of the Tinsley Park engineer-ing steels plant in Sheffield, Mr Gordon Sambrook, head of the BSC general steels group, said this would save some £12m a year in

There had been major productivi-ty improvements at the plant, em-ploying 800 people, but demand for special steels was expected to remain flat or slacken, he said. The UK market for engineering steels had dropped in less than a decade by 1m tonnes from 2.5m.

The cost to BSC of the closure would be recovered in just under a year. Mr Sambrook was confident all the work could be transferred to other BSC plants, but even with the closure, there would still be too

Inquiry proposes controls on cash gifts to parties, writes Peter Riddell

'Declare donations,' says report

mented by changes in the law to provide a statutory limit on parties' expenditure in general elections.

Proposals for closer consultation by companies with shareholders and greater disclosure about politiprofit" after interest in the first two cal contributions generally are recommended in a report on company donations to political parties produced by a working group of the Constitutional Reform Centre, a research and lobbying group whose and delayed completion of its corpopresident is Lord Scarman, and the rate plan, which Sir Robert said "we Hansard Society for Parliamentary are anxious to get clear by the end of July." He declined to be drawn on

The main theme of the report is the position of companies in making donations to parties. It notes that less than a quarter of medium

The members of the working party believe that "the financing of the political process is too dependent on money provided by institutions such as trade unions and compa nies." But they believe that it would be "illiberal and ineffective to prevent company donations" and instead have proposed a voluntary code in the hope that boards will recognise that "a decision to give to a political party is a decision distinct in kind from other decisions of management and requires special validation.

The report notes recent legal cases (particularly Simmonds v Heffer of 1983), which indicate that a company cannot rely solely on a general objective in its memoran-

A VOLUNTARY code to govern contributions, although they ac-donations to British political parties count for 55-60 per cent of central by companies should be supple- Conservative Party funds. tion as well as an ability to show that a donation is in the company's

The working party believes that, within the current law, validation for such donations should be by shareholders at an annual general meeting and that the board of a the interests of the company, and

The working party also recommends that companies that make political donations should keep them in proportion, neither giving too much in relation to their own turnover and profits, nor accounting for too large a part of a party's Vate 1

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A further recommendation is that companies that make political doncompany wishing to make political companies that make political don-donations should place before its ations should do so openly, and shareholders a statement of why it without the use of conduits. That is considers such an action to be in proposed in order to increase openness and to ensure that all donations are declared that companies should seek approval of the state-ment at an AGM at least once dur-know to be party-political in puring the life of a parliament. Al- pose. That is to deal with donations though such a statement should be given via intermediary bodies and regarded as authorising political payments disguised as trading donations for the period of its validities such as the purchase of adity, some companies will wish to vertising space or the supply of ser-poll on each individual donation as vices at favourable rates.

Alcohol sales forecast to rise

THE GROWTH in the consumption ing to Staniland Hall, the business of drinking and of drinks.

Britons drink on average the equivalent of 12.5 pints of 100 per cent alcohol a year and that is expected to be about 14 pints by 1990, Staniland Hall says in a report on the UK market for beer, wines and

This is still much lower than in most (European) continental countries," the report says. By comparison, Belgians drink 18.7 pints per head of 100 per cent alcohol, the French 23.9 and the West Germans

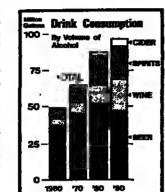
The report states that, in Britain,

THE GROWTH in the consumption the general tendency is for modern of alcohol that has occurred over life to move away from beavy inthe past 30 years will continue into the 1990s but more slowly, accord-lighter industry and a lighter style

> In a separate report, Market Assessment Publications says that unless sherry and port can widen their appeal, their future does not

Sherry in particular, the report states, is suffering from the trend away form short, sweet drinks, while port sales are still seasonal. "Unless port can be promoted as an all-year drink, further increases in consumption will be limited."

The UK Market for Beer, Wines and Spirits to 1990: Staniland Hall, 42 Colebrooke Row, London N1. £125.



Product Group Report on Fortified Wine, Market Assessment Publica-

BS pays £35m for late delivery of oil rig

BRITISH Shipbuilders (BS) has to make a provisional \$22m paypaid a £35m penalty for the late de-livery of a £78m oil rig to British Pe-troleum built at the Scott Lithgow amount. That amount was to be ad-

But state-owned BS remains in dispute over the yard's assets with Trafaigar House, the shipping and construction group that bought Scott Lithgow in March last year. Mr Norman Lamont, the Industry Minister, said in answer to a parlia mentary question this week that the auditors of BS and Trafalgar House "have been unable to reach agreement on the Scott Lithgow

pert for determination as agreed

under the terms of the sale.

justed, "dependent on the net asset

value shown by the audited comple-

Lithgow sale, stating clearly that BS was liable for any penalties for late delivery of an oil rig for BP that was only partly built at the time. Mr Graham Day, chairman of BS, said yesterday that the corpora-

loss to be "s little bit better" than Scott Lithgow for repair costs to certain leasehold properties, estimated to be about £3m.

Mr Lamont said the dispute had been referred to an independent ex-

tion's results, due to be announced

previously forecast, Brian Groom Since November, BS has said the loss is not expected to exceed £50m would be no more redundancies but

in 1984-65 after £161m the previous he could not guarantee that, given year. The bottom-line loss will in- the state of the world's market. chude exceptional items such as the When privatisation of the warship cost associated with the BP oil rig yards was completed, BS would be built at Scott Lithgow. down to 10,000 employees. The £35m payment was made un-der another provision in the Scott built at Scott Lithgow.

Mr Day said be was "reasonably confident" of better results this year. He also said BS was on course to achieve the privatisation of warship yards by its target date of March 1986.

Productivity increased by about 5 on July 24, would show the trading per cent last year, which Mr Day said was "pretty remarkable" in a depressed world market. Orders in-creased by 72 per cent.

Minister condemns U.S. legal moves on high-tech exports

BY WALTER ELLIS

MR GEOFFREY PATTIE, Britain's Minister of State for Information Technology, spoke out strongly yes terday against renewed attempts by the U.S. to apply its domestic laws on the export of electronic equip-ment and technology outside Amer-

Speaking at a Financial Times conference on world electronics in London, Mr Pattie said: "This is a claim which neither the United Kingdom nor, I suspect; any other country can accept."

I therefore very much regret that, despite the representations of all of the main allies of the U.S., the Export Administration Act seems which will continue to permit the extraterritorial application of export controls."

America had shown itself more willing to listen to its friends re-cently, the minister added, but a long-term solution [to difficult cases) is still dependent on the U.S. accepting a more modest view of the limits of its jurisdiction and for

Dr Stephen Bryen, deputy assistant secretary for international economic trade and security policy at the U.S. Department of Defence, touched on a related theme when

said, was now looking at ways of result (
simplifying its high-technology lilinks
censing system so that, instead of works. examining every single licensing application, the department would compile a list of 'verifiable end users." The Bank of England, for exlicence renewed each year, Dr Bry-

Viscount Etienne Davignon, forner vice-president of the European

FINANCIAL TIMES World -**Electronics**



Viscount Davignon: *Common standards essential"

mation technology was essential if international co-operation was to was growing less fast than its hold any significance. The existence of national standards was a the spoke over hinch about licensing means of maintaining a captive the vital software market, and only market without admitting it, he one company was among the top the spoke over hinch about licensing means of maintaining a captive the vital software market, and only market without admitting it, he one company was among the top the spoke over hinch about licensing means of maintaining a captive the vital software market, and only one company was among the top one company was also losing its snare of maintaining a captive the vital software market, and only one company was also losing its snare of maintaining a captive the vital software market, and only one company was also losing its snare of maintaining a captive the vital software market, and only one company was also losing its snare of maintaining a captive the vital software market, and only one company was among the top one company was also losing its properties. result of a failure to establish clear links between information net-

ed on the outlook for the world This year, he said, American semiconductor industry, which, he businesses would spend more than imple, should not have to have its ed on the outlook for the world said, had gone through a "catastro- \$250bn on information products and phic" period last year as a result of reduced demand, oversupply und tal would be spent on data process-

conductor manufacturers. Between 1977 and 1983, the amount of venture capital injected in the sector had risen from \$600m to \$19hn, with little impact on the technology. Investment had simply run amok, leading to overcapacity on the mar-

However, while he expected 1985 to show about an 11 per cent fall in the worldwide semiconductor mar-ket, for 1986 he forecast a growth of 18 per cent. The semiconductor industry always bounced back.

Mr Kaspar Cassani, chairman of IBM Europe, said certain conditions had to be met if Europe was to technology industry. Those included a heavy emphasis on research and development, combined with improved cross-border co-operation to minimise duplication of effort; promotion of a more homogeneous European marketplace through the removal of non-tariff barriers; and more liberalised telecommunications policy.

Mr Philip Hughes, chairman of Logica, told the conference that Europe's computer services industry competitors in the U.S. and Japan. Europe was also losing its share of ten software/services suppliers in

Mr Malcolm Pean, vice-president information systems market was of Dataquest and director of the emphasised earlier by Mr Hobert London-based European Semicon-Casale, executive vice-president of Casale, AT&T.

conference chairman, observed that standardisation in the field of infor-

THE TREE OF QUESTAR MICRAL mma cameras used for medical

BULL, the leading European manufacturer of information processing and office automation systems, provides European companies with a genuine alternative. In the four main areas of

information processing, BULL offers coherent ranges of products.
BULL DPS is the family of general purpose computers designed to cover the specific needs of every size of organisation, from the smallest to the largest. At each level, an optimized version of GCOS - the General Comprehensive Operating System - ensures smooth evolution and upgrade in a 40 to 1 range of processing

BULL SPS systems form a family of powerful, sophisticated, specialized minis and super-minis for engineering, scientific and real-time applications in manufacturing and research. The BULL Questar range of multi-purpose, ergonomic terminals and workstations, is designed specifically for distributed information and office automation systems. BULL Microl family of professional micro-computers com-

industry standards compatibility. The DSA network architecture, achering to international standards, enables all of these systems to communicate within homogeneous or mixed networks.

bines high performance single and multi-user workstations with

BULL toilors its solutions to the customer's specific needs, in cooperation with software houses, and in a close dialogue

BULL, the tree of communication.



Scintronix seeks £½m for N. American exports drive

agnosis, is confronting the special difficulty of its product and location in developing its business.

the company, which is based at Liv- Meredith discovers. ingston, near Edinburgh: "We are an illustration of the problems of developing a high-technology com-pany from a UK base.*

tional Health Service cuts, It is currently seeking around £500,000 in new finance from venture capital funds and other financial institutions to aid the setting up of North American sales and service subsid-iaries in Chicago and Montreal. Scintronia's need for an export

market illustrates one of the difficulties faced by indigenous hightechnology companies in Scotland. Some supply the large multina-tionals resident in Scotland like IBM, Honeywell or Hewlett Packard, which in turn use their Scottish base as an entry point for the Euro-

pend heavily on exports face This situation is echoed by Mr special problems in breaking Paul Woods, managing director of into new markets, Mark

Others, like Scintronix, with a product to sell to end-user customers instead of trading within the in-The company is heavily dependent on exports, with a small British market made smaller by the Na-

Before 1983, when Scintronix was pean market, and especially West Germany.

out by Mr Woods and his co-directors, which gave them independence but also removed the company's main route to the continent.

The buyout was backed by Investigation of the Montreal sales and service subisidiary comes as the company has won a company has won a

Only 40 of the cameras, which use computers to trace radioactive

sotopes injected into the body with High-technology companies the image computer enlarged for di-based in the UK which deagnosis, have been installed in Brit-ain since 1980. Such a rate could not sustain the company. We had to get into the U.S. market where beween 700 and 1,000 of these machines are purchased every year." Mr Wood says.

The company learned lessons by using agents in the United States. The U.S. agent used the gamma cameras to offer hospitals a diagnostic equipment package, but the Scottish company's equipment would often lose out in a compro-70 per cent owned by the Swiss-based Scintag Berthold company, it agent's products had to be dropped in the negotilations.

"The timing for this U.S. expansion could not be better. The dollar Then came a management buy- is right and the size of the U.S. market equals the rest of the world put

tors in Industry, which took a 45 per C\$600,000 (£344,234) order from Beauville Hospital in Quebec for two gamma cameras and one com

South African

N-plant back

in operation

*

NEW YORKAR . PRIE

a fist' policy

day June 19 1985

State benefit change attacked in Commons

THE GOVERNMENT'S decision to exclude child benefit from its general upsating of social security benefits in line with inflation came under concerted Opposition attack in

der concerted Opposition attack in the House of Commons yesterday. Announcing the annual uprating of benefits, Mr Norman Fowler, So-cial Services Secretary, said that child benefit would rise by only 15p a week – an increase of barely 2.2 per cent, while pensions and unem-ployment benefits would rise by 7 per cent and supplementary benefit by 5.1 per cent. The Government, he said, felt

The Government, he said, felt benefit should be maintained for all children but it gave higher priority to helping families on lower in-comes. With this in mind, it was increasing family income supplement for families with older children by up to £3 a week more than was needed to keep in line with inflation. But the decision not to index child benefit, he later confirmed. would bring a net saving of £175m

in a full year. Mr Michael Meacher, Shadow Social Services Secretary, immediately challenged the figure. The Government, he said, had targeted women and children as the first loswomen and children as the first losers in its Green Paper (consultative document) on social security and would deprive them of £220m in a full year.



Fowler: priority for

• 7 per cent increase in pension unemployment benefits and family incomes supplement, which the Government is pledged to maintain

in real terms. • 5.1 per cent increase in supple mentary benefit, which would match the retail price index, exclud-

would deprive them of £220m in a full year.

It was, he said, a sign of worse to come — "the Government would rather cut cash to children than cut tax perks to the rich."

Other main points in yesterday's and divide the whole country.

Dr David Owen, leader of the Social Democrats, warned that the Science and Engineering Research Council.

Sir John said that Cern should either seek more members or save money by "building a new machine in which pensioners would be the Other main points in yesterday's in which pensioners would be the innocent victims.

Scientists call for cut in cost of Cern

By Raymond Snoddy

BRITAIN should pull out of the European Organisation for Nuclear Research (Cern) after 1989 unless the cost of membership can be sig-nificantly cut, a committee of UK scientists recommended yesterday. The committee, set up by Sir Keith Joseph, the Education Secre-tary, found-that the UK's contribution to Cern'- set at £37.9m for 1985-86 - meant that other important areas of research were being under-

funded or neglected.

Carn, Europe's oldest scientific collaboration project, which brings together 13 states, spends about £220m on the 'mysteries of the infi-nitely small." It has a world reputation as a builder and operator of particle accelerators for atom-

mashing experiments. Britain pays 16 per cent of the costs of Cern, the third highest con-tribution after France and West

The committee, chaired by Sir John Kendrew, said the UK would be looking for progressive reduc-tions in its contributions to Cern, reaching a total of 25 per cent in

Domestic spending on particle physics should also be cut by 25 per cent by 1990-91, according to the in-

subsidiary of state-owned BL, has Arthur Smith explains why sales are at the called all its dealers to a meeting at the Longbridge car factory, Bircore of Austin's Rover's problems and how mingham, tonight where it will un-

veil details of what one executive described as "our biggest ever sales fortunes. onslaught on the UK market." Television commercials will start tonight and run right through the tin Rover were able to hit a sales next 10 weeks, peaking in August, the key mooth of the new registra-tion letter when around 20 per cent figure of around 600,000 it could

BL'a volume cars company which last year jumped into the top 20 UK gap can be filled. advertisers with expenditure of more than C9m is likely to top that figure this year. Dealers will be left in no doubt about the importance of this campaign which is likely to be backed with cash for sales incen-Indeed, sales are at the core of

the Austin Rover's problem and the cause of more than six months advance. spent hy various government de-partments dissecting the latest five year corporate plan, approved this

The enalysis is simple: Austin and market sh Rover is not selling enough cars to gain the volume throughout at its Admittedly (two major assembly plants at Long-bridge and Cowley, Oxford, to generate sufficient profit to finance the scale of investment required.

of annual sales are made.

The company has taken all the sainful actions to reduce the cost base, close factories, shed labour, raise productivity and invest in the latest flexible manufacturing systems. Austin Rover could start to trade profitably at sales of around 435,000 a year but that would require a UK share of a little over 19 per cent on a market projected this year at around 1.72m.

turned a Clim trading loss. If Aus- haust emission controls.

the deal with Honda might change its

Austin Rover plans onslaught

generate the profits to finance its current investment programme. The hig imponderable was and re-mains when and how the present

Alarm bells were set ringing among those considering the corpo-rate plan in Whitehall and Westminster earlier this year by Austin Rover's failure to make the long awaited sales breakthrough. The company entered the year with the powerful model range - Metro, Maestro, Montego - it has always argued was the precondition for

The latest figures show, however, that up to the end of May Austin Rover had improved only marginally with total sales up by only 3,500 and market share at 18.38 per cent

Admittedly the performance has to be judged against what is a cutthroat market with importers still gaining market share and Ford and General Motors offering dealer incentives. It seems likely that Austin Rover has had to sacrifice profit margins through advertising and incentives just to hang on to what it already holds. Nor is the picture any brighter in

Europe, a crucial sector if Austin Rover is to reduce its heavy UK dependence. Sales last year slipped below the 80,000 of 1983 and seem rear at around 1.72m.

Last year sales at 423,000 reclouded by arguments about ex-

Austin Rover, with its plan bogged down by Whitehall criticism in March, was able to pull a rabbit out of the hat by giving details to

The first was a joint venture to design and develop a new medium range cer, code named the YY, to re-place the present Maestro and Rover 200 models. The deal, along the lines of the XX project to provide a new executive car to be term intentions in the UK, has a launched by Honda in Japan later strong negotiating hand. It has this year and by Austin Rover early acquired a 330 acre site in Swindon, in 1986, offers BL a quicker lower ostensibly for pre-delivery inspecinvestment cost route to provide a tion of Honda-badged cars and for new model in the crucial medium

Important as the venture might be, it could again be construed by cynics as yet another example of jam tomorrow. The new vehicle will not hit the UK market until the end of the decade.

It will provide a valuable weapon until at least three years after the XX, which does not go into the U.S.

The second proposal, that Austin Rover should assemble Honda cars on a sub-contract basis to the UK, offered the attraction of an immediate volume to boost throughout and profitability. Output of around 50,000 to 100,000 a year has been

BULL MICRAL 30: ALL THE EXPERIENCE OF LARGE SYSTEMS PACKED INTO A MICRO-COMPUTER.

be negotiated and Honda seems to be taking a very cautious approach.

It seems possible that the Ballade, the Honda version of the Rover 200 model assembled at Longbridge could go into production at the Birmingham plant next that the ball the possible of the boundary of the Ballade possible that year. But Honda suggestions that initial volume might be only around 4,000 to 5,000 a year would do little for Austin Rover.

the Department of Trade and Industry of two outline proposals for further collaboration with Honda of Japan.

Ironically, should Honda warm to the idea of Longbridge assembled models which, assuming they had sufficient UK content, would escape the present gentlemen's agreement on Japanese imports, Austin Rover would have introduced yet another competitor into its home market.

> Honda, which has so far maintained a public silence on its long-term intentions in the UK, has a assembly of engines going into those vehicles and the current

But the longterm strategy could be to establish during the 1990s a full car assembly operation from which to attack the European mar-ket. For the present, Honda can operate on an experimental basis, inifor Austin Rover's attempts to break back into the U.S. market. But on a realistic timescale it seems unlikely to be available in America.

> For no equity stake or capital out-lay Honda has in Austin Rover an assembler of its cars to assess market acceptability and potential. At Swindon it can establish a management base to obtain a European presence and strengthen its dealer network while keeping all its op-

reorganise television

BBC to

By Raymond Snoddy

channels

THE BBC is planning a fundamen tal reorganisation of television management which would result in the abolition of the present system of separate controllers for BBC ; and BBC 2.

Mr Bill Cotton, managing direct tor of BBC Television, wants to have a new system of controllers responsible for programme areas such as drama and sport rather

The proposals are expected to go before the board of governors next month for a decision in principle amid growing signs that they are likely to be accepted.

Implementation of one of the most radical shake-ups in BBC tele-vision management in recent years would, however, take longer.
Mr Cotton's plans, which have been under consideration for

months, received a boost in the re-view of the BBCs efficiency carried out by Peat Marwick Mitchell, the management consultants Pest Marwick welcomed the pro-

posals "in as much as they redress the real problem of fragmentation in programme departments."

The present controllers of BBC 1 and BBC 2, Peat Marwick pointed out, have 22 different programme sources to choose from. Four or five programme controllers, Peat Marwick suggested, could reduce overspecialisation in programme departments and increase the flexibility in using programme-making ca-

credits rises £123m | NUM stay

BY PETER RIDDELL, POLITICAL EDITOR GOVERNMENT support for the Export Credits Guarantee Department in the current financial year is be-

forecasts of purchases.

• The Public-Sector Borrowing Re-

Max Wilkinson writes. That takes the cumulative borment yesterday by the Treasury, in year to £2.8hn, compared with nance.

It is extremely difficult to tell at threatened with their first national this stage of the year whether any industrial action for more than 50

on the course laid down at the time of the budget in March.

Nevertheless there are some wor duce the sterling value of oil revenues, and the higher than expected inflation figures, will put pressure on the Government's finances later

Treasury team, said that the con

duct of both the Bank and Mr Law-

son had been "secretive and evasive to a quite unacceptable degree." He

said that Mr Lawson was account-

able to parliament for the gover-

nor's actions and he should not try

to shuffle off his responsibility on to

Mr Lawson will tomorrow be re-

porting to the Commons on the re-

suits of a six-month toquiry into banking supervision in the UK by a

committee set up by the Treasury and the Bank after the JMB affair.

It is likely to recommend changes including a more active role for bank auditors in scrutinising the ac-

The Bank will also tomorrow be

releasing its version of the JMB

The £100m deposit is to be capita-

losses, half of which is coming from the Bank and half from a group of

tivities of banks.

in Dublin

THE SEQUESTRATORS and receiver of the assets of the National Union of Mineworkers (NUM) and quirement (PSBR) in May is provi- the union itself have all failed to sionally estimated to have been gain control of £2.75m of NUM film, the Treasury said yesterday, funds frozen in a Dublin bank.

terday that, for the time being, the Revised and summer supplementary estimates, presented to parliative months of the current financial account with Bank of Ireland Fi-

The herrowing figure was close to jected the claim to the money made City of London expectations. The by the sequestrators, four partners May PSBR is likely to have benefit in accountants Price. Waterbouse,

years over a 6.5 per cent pay offer. The Federation of Scottish Clear ing Bank Employers and the Bank-

ries in the City that the strength of the pound, which will tend to recider maker, is to distribute Orangi-na, France's best-selling soft drink,

she fills top Whitehall jobs with po-

I MR DAVID GARLICK has been lised as part of the restructuring of JMB. In addition, JMB needs a capital injection of £65m to cover its

> The sales of new units in May rose to £374.8m, £100m more than in April. The value of units cashed by investors fell by £50m to £148.7m.

The net new investment in the boosted total funds under manage-

Funds of

some £350m from increases in programmes charged to the contingency reserve and £140m representing to the contingency reserve and £140m representing the increases in the proceeds of the British because, he said, sequestration was a foreign penal order that would not be enforced by the Irish court. SCOTTISH clearing banks are

> ing, Insurance and Finance Union are due to meet tomorrow.

> in Britain.

strategy to reduce its reliance on cider, sales of which are now static after tremendous growth to the early 1980s. The brand is owned by Pernod-Ricard.

subsidiary, is the expected buyer. It bought British Caledonian's Blue Sky retail division last week and the acquisition of the Frames chain would bring the Cook retail chain to 400 ontlets, seen by the industry as the optimum number for national UK cover. A price tag of between Frames chain,

relieved of his post as group chief accountant of Barcleys Bank. A bank spokesman said there had been no question of misbehaviour but he declined to give the reasons. ☐ SEVENTEEN Conservative MPs voted against the Government over its plan to expand Stansted airport in Essex as London's third airport They were concerned about noise and the effect on regional airports. Despite the rebellion, the Govern-ment easily defeated opposition

amendments in a debate on its airports policy.

SALES of unit trusts reached a record high in May, helped by the launch of 14 new funds, according to the Unit Trust Association.

sector of £228.1m was a record and

The Irish High Court decided yes-

Mr Justice Donal Barrington re-

The venture is part of Bulmer's

I SIR BOBERT ARMSTRONG. head of the Home Civil Service, yes terday took the unprecedented step of publicly defending the Prime

litical sympathisers. Sir Robert denied suggestion that there was a process of cryptopoliticisation at work to senior apintments to the public service" in

I FRAMES TOURS, the familyowned coach and travel agency group, is expected to announce group, is expected to announce shortly the sale of its chain of 40 re-

BULL Micral 30 is multi-compatible with the market standards, and is also geared up to accept whatever breakthroughs in technology that the future may bring. Today, the smart card and videotex, tomorrow, who knows.

> BULL Micral 30 is also versatile in the variety of ways it can be used. With MS/DOS and Prologue, there already exists a huge library of programs to choose from. It includes everything from the more general data processing requirements of

commerce and industry through to the very specialised needs of the legal, medical and other professions. So whether you're investing in a micro to meet existing requirements or as a help for the future, you can be sure the BULL Micral 30 will adapt to meet

This concept of a micro that cuts across all the usual restrictions imposed by manufacturers is no accident. The BULL Micral 30 has been developed and is manufactured by Europe's leading manufacturer of data proces-

sing and office automation systems. And the expertise that has been employed in its construction also extends to cover all the backup facilities and after-sales service you'd expect.



Spending on export

ing raised by £123m, or nearly a fifth, only three months after the original estimates.

That largely reflects the department's exposure to increases in interest rates.

total amount to a net increase of £3.6bn in the same period last year. £748m in public expenditure. That consists of £258m to be met from an increase in the public expendi-

within existing programme totals, ture planning total.

agricultural levies and customs duties to the EEC, roughly one month earlier than normal. That has become subject to intense controversy in view of Government's Bill on EEC payments published last Fri-

estimates, the Treasury is seeking month's PSBR figure indicates that £270m additional provision to pay the Government's finances remain

In addition, the Government is seeking £129m to finance increased

intervention buying of cereals and to the year. Lawson says Bank set

JMB rescue terms BY DAVID LASCELLES MR NIGEL LAWSON, the Chancellor of the Exchequer, yesterday dis-tanced himself from the Bank of England's handling of the rescue of Johnson Matthey Bankers only 48

hours before be is due to make an

important statement about banking supervision in the UK. In a letter to Mr Tony Blair, the Labour MP who has been pressing the Chancellor over the £100m de posited by the Bank with JMB to aid its funding, Mr Lawson said: The Governor of the Bank of Eogland has traditionally enjoyed a large measure of independence in these matters. It is his responsibility to reach a judgment in individual rescue cases and, in doing so, the funds which he commits are the

Bank's own resources and are not funds voted by parliament."
Mr Lawson's letter and his overt distancing from the Governor of the Bank seem certain to raise the political temperature on the issue ahead of the Chancellor's imminent

statement on banking regulation in the light of the JMB affair. In a reply to Mr Lawson last the Bank and Mr Blair, one of Labour's UK banks.

Nivison joint venture

BY JOHN MOORE, CITY CORRESPONDENT R. NIVISON, the London-based Cantrade is expected to lift its stake stockbroker, has formed a joint to near 50 per cent, while Nivison company with Bank Centrade, the intends to retain a controlling Swiss bank. The new company will

be a subsidiary of Nivison and will become a limited corporate member of the London Stock Exchange.

ternational financial asset management and advisory services as well of the London Stock Exchange. cent of the new subsidiary with ment. Nivison bolding the balance of the equity. Once Stock Exchange rules

per cent of member firms, Bank

The new company will provide in-

Bank Cantrade will own 25 per as securities dealing and settle-Nivison, founded in 1886, does not intend to make markets in securiare finally relaxed and outside in- ties and will be concentrating on deterests will be able to own up to 100 veloping the agency side of the

FINANCIALTIMES

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ernment's critics.

ernment's critics.

The most hopeful way to make a virtue of necessity is to rethink the official macroeconomic targets, in the light

both of experience and of the strategic facts which face the

country over the next decade or so—decioing oil production and

declining population growth. Oil revenue, it is to be hoped, will decline far more gently than it rose, so that the second structural adjustment should be

more manageable; the difficulty will he to sustain a steady growth of output while avoiding an excessive deterioration in

the current account. These facts make the case for a tight rein on non-productive spending; demographic trends should belp

in the long run to reduce the saddest burden of all, unemploy-

ment interest psyments, about £31bn when the Government took office, threaten to reach

to question the present tech-niques of monetary cootrol which seem to bave excluded the UK from the worldwide fall

In interest rates, and present funding techniques, where dis-appointingly little used has been made of indexted funding.

The rising deht service also reflects the misuses of privatisation as a substitute for tax

revenue in producing an appar-ently tight policy; the Govern-ment has lost large sources of

cash, often at give-away prices. What has been given away once

control—easler, surely, within the EMS—together with more

Battles over spending cuts

Exchequer provided a consumer and investment trends at tingency reserve of more than home are confirmed, there tingency reserve of more than first summer since coming to office free of the usual agonies over public spending; hut readers of the small print were already noticing that the large reserve was there for a spending time. The same time are confirmed, there could be a further involuntary overshoot reflecting the cycle rather than policy. Politically, however, a passive acceptance of unplanned borrowing, whatever the rhetoric, is not likely to appease the oGvernment's critics. large reserve was there for a good reason. The public sector pay assumption looked more than usually over-ambitious. The oil revenue projections, cautious in previous years, looked exposed in a year in which hoth the oil price and the dollar looked unusustainably high. Interest rates, hy contrast, have proved only too sustalnable.

sustainable.

As a result, the reserve is almost entirely pre-empted hefore any really unexpected contingencies have had time to coningencies have had time to occur. The effort to repair what appear to be dangerous breaches in fiscal discipline will give ministers the usual uncomfortable summer. The discomfort will be increased by the knowledge that the Government's public standing bas dropped and that time is running short in find room for Monetary control

ennual ritual has probably done more than any-thing else to undermine the public standing of the Govern-ment. Ministers bave earned all the odium of ruthless economy without actually achieving the savings which might make it seem worthwhile. The realisa-tion of this fact already seems to be affecting government rbetoric; ministers take credit for job saving or job creation, while the Chancellor tells us that the targets for public horrowing, like those for Sterling M3, are not written on

If this simply amounted to an effort to put the best possible face on things, it is not likely to do much economic harm—or much political good. If fiscal neutrality is defined as that level of botrowing which leaves the real burden of public sector debt unchanged, there is to room for some slippage this control—easler, surely, within year—an overshoot of £1bn to
£1bn would leave a neutral
balance, after allowing for
privatisation.

If weak oil prices are a sign
of faltering world demand, and

the EMS—together with more
economical funding and more
demanding prices for privatised
assets would do more to address
the problem than nay amount
of faltering world demand, and

adapting its System 12 digital

acapting its System 12 digital telephone exchanges to U.S. standards, an effort which will cost the group about \$300m.

Like other world telecommunications equipment manufacturers, ITT is locked into a high risk-high reward race to capture a significant since of the booming U.S. market for advanced telecommunications equipment. The U.S. alone is over a third of the estimated \$150bn a year world market.

the U.S.-based multi-

national conglomerate,

called a halt to work on 20

research and development pro-

jects at its advanced techno-

logy centre in Sheldon, Connec-

ITT took the painful decision in order to concentrate re-sources and manpower on

The break-up of the U.S. Bell telephone system at the start of last year, which severed the links between the local telephone companies and American Telephone and Telegraph's Bell laboratories and Western Electric manufacturing unit (now part of AT & T Technologies), has unleashed a new competitive spirit among the now independent Bell Operating companies (BOCs).

This, in turn, is presenting an unrivalled opportunity for equipment manufacturers from Europe, Japan and North America which are scrambling to establish a foothold in the huge U.S. market.

to establish a footbold in the huge U.S. market.

Freed from the purchasing dictates of AT & T head-quarters, the 22 BOCs, grouped into seven regional holding companies, are aggressively seeking new equipment suppliers, both in order to reduce costs and, it seems, as a forthright expression of their newright expression of their new-found freedom.

"The BOCs bave moved much more quickly than anyone expected to wean themselves off AT & T and seek out alternative equipment suppliers," says Professor Eli Nom, an If determined rather than frantic discipline is needed, one area cries out for attention— debt service costs. Net governindustry expert at Columbia University.

This view is confirmed by purchasing managers in the Bell companies themselves. Mr Peter Curley, assistant vice-president in charge of purchasing at Bell Atlantic, one of the seven reginnal bolding companies, says: 'After divestiture you had a divorce. Now we are solely responsible for procure ment, our posture is entirely different."

Bell Atlantic, like the other Bell companies, bas deliberately sought out alternative equip-ment suppliers to reduce its dependence on AT & T, says
Mr Curley.

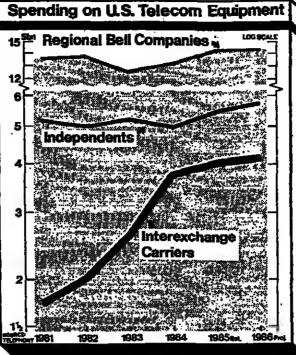
Last year. Bell Atlantic
reckons, competitive bldding
saved the company \$100m, or

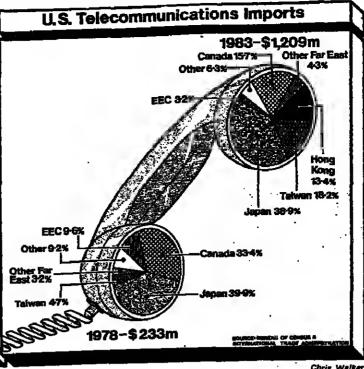
five cents on every dollar of expenditure. Like the other Bell telephone groups, Bell Atlantic has also demonstrated its commitment to other vendors. equipment—particularly private branch exchanges (PBKs)—by offering their products to customers in preference to those marketed by A T & T.

For example, last year the POCC celling business equipments.

BOCs, selling business equip-ment through separate sub-sldiaries, belped boost Canada's northern Telecom group into top position among suppliers of office PBX systems. Northern Telecom grabbed 21 per cent of the 4.13m-line U.S. PBX market last year, according to industry estimates, setting the company ahead of Rolm (since merged with IBM), AT & T and Mitel, the other Canadian PBX manufacturer in which British Tele-

AFTER THE AT & T DIVESTITURE





The rush to sell in an exploding market

By Paul Taylor in New York

From telaphone handsets to advanced transmission systems and optical fibre, divestiture and deregulation in the U.S. bave ushered in a new period of intense competition. But it is in the \$3.2bn-a-year market for switching equipment in telephone company exchanges that the real battle lines are

being drawn between the

A limited 'window of opportunity'

world's world's telecommunications equipment giants.

Beginning in the late 1970s, several companies began offering big digital exchanges to replace older analog electromechanical devices. These advanced pieces of computer equipment controlled by complex software cost millions of plex software, cost millions of dollars each. They are capable not only of routing thousands of customer local and long distance calls from telephone companies' central offices, but also provide other features such as billing and other services.

The central exchange business in the U.S. has long been dominated by AT & T. But the chunk of its market snatched from under its nose in the late-1970s and early 1980s by Northern Telecom, which was the first to sell a digital exchange in 1977 (to North pendent operating company).

Last year, according to some

estimates, Northern Telecom

com recently took a controlling drew level with or even overtook AT & T, to become the world's largest supplier of digital PBXs and central office

Northern Telecom's head start in the digital battle bas helped it win substantial orders for its DMS 100/200 orders for its DMS 100/200 family of switches from all the local Bell companies. The Canadian group's total sales to the BOCs, including switches, cabling and transmission products, jumped fro m \$161m in 1982 to \$700m last year.

This frontal assault on AT & T'a traditional territory is a T'a traditional territory is a high-risk strategy which, if it falls, could force the Canadian group to push deeper into debt or curtail its expansion plans. The risks are made even higher by an apparent strong resurgence at AT & T, which has greatly improved its marketing and production. After a slow start, AT & T is recovering rapidly both in the cut-throat digital PBX market where the Roim/IBM merger has already raised the stakes, and in the market for advanced central market for advanced central office exchanges.

Spearheading AT & T's new Spearheading AT & T's new marketing drive is its SESS digital switch introduced in 1983. In November last year, AT & T shipped 'its two millionth 5ESS line, but by the end of this year, with production moving into high gear, AT & T expects to have shipped

large slice of the post-divestinew equipment just ahead of ture switch market, new com-divestiture. Much of their old

telecommunications market), GTE of the U.S., Ericsson of Sweden, Siemens of West Germany, Plessey of the UK, CIT/Alcatel of France, Nippon Electric of Japan and the other challengers, the race

Britain's Plessey Britain's Plessey group neatly illustrates the problem. It has pinned its hopes of acquiring a slice of the market for advanced telephone equipment—and particularly Bell operating company orders for Britain's System X Digital exchange—on its acquisition of Stromberg-Carlson, the Floridahased telecommunications group based telecommunications group acquired by Plessey in 1982.

But while Stromberg-Carlson But while Stromberg-Carlson has had some auccess in the U.S. market for customer premises equipment and telecommunications transmission equipment, it is generally seen by industry experts as having fallen some way behind other competitors in the race to big orders for digital central exchange switches from the BOC's.

This battle to win a share of

This battle to win a share of the U.S. digital market place is made more acute not only by the buge resources which must be committed just-to quality for a place on the starting line, but because many industry experts believe there exists a limited "window of oppor-tunity."

This time-limit exists for

While both Northern Telecom is generally recognised that the and AT & T appear assured of a BOCs beld back on purchasing petitors are queuing up to try to grab a share as well.

The key question is how these new competitors will fare. For the try duction of changes in the U.S. representation in terms of the U.S. the property of the try of

local subscribers with equal access to long-distance companies, is underway and due for completion by 1987.

Underpinning the move by the BOCs towards major digital exchange orders are the com-

the BOCs towards major digital exchange orders are the competitive pressures generated by divestiture. These are forcing the Bell companies to upgrade equipment, reduce costs and offer price-competitive services to big business customers, who

Implications could spread beyond U.S.

are increasingly "by-passing" local telephone systems using microwave, satellite and other microwave, satellite and other systems to connect their offices together and to long-distance telephone carriers.

Finally, while the U.S. central switch market is projected to grow rapidly over the next few years, many believe growth will feeten after that and

few years, many believe growth will fasten after that and, cations marketing battle, its under these circumstances, a strong installed base will provide essential sales leverage, Prof Noam of Columbia University strong installed base will prostreng installed base will probide essential sales leverage,
particularly as worldwide telephone standards evolve towards
a common integrated Services market place to foreign comDiction Notwer (TSDN) than Digital Network (ISDN) stan-

this market before the "window of opportunity" slams sbut—and a firmly entrenched installed base of new equipment is established.

These tough odds explain the of that market—seeking to re-ITT decision at the end of last

highly successful outside North America, to the U.S. standard, and GTE's admission that "the chief goal" of its communica-tions systems division is to capture a share of the BOC market with its rival GTD-5eaux switch. In order to win a share of the U.S. market ITT, GTE and the other competitors bave to run a gauntlet of tough tests to have their switches eve naccepted for possible pur-chase by the BOCs. This testing procedure has three distinct

phases.

First, a paper evaluation by the regional bolding companies themselves, designed to establish that the equipment meets specifications, and will not compromise the integrity of the existing telaphone system. Second, a full technical evaluation by the BOCs, coupled with a comparison of costs "designed to narrow the field." Third, a detailed technical analysis of the equipment by

Bell Communications Research

(Belicore), a central testing agency jointly owned by the regional building companies, coupled with a field trial.

So far, most of AT&T and Northern Telecom's competitors have reached and passed stage one of the process and some, like GTE and Ericsson, have reached the third stage. ITT
has attempted to shortcut the
procedure by persuading
several Bell and non-Bell telephone companies to instal System 12 on a trial basis while still racing to complete the

still racing to complete the other tests.

For ITT, the process is particularly galling. System 12 has already racked up considerable overseas orders but the U.S. remains the real prize.

L. M. Ericsson, the Swedishbased telecommunications group, faces a similar challenge. While Ericsson is a major player in the world telecommunications market, the company has little presence in the U.S. market. "We really have nothing here," admits John Meurling, Ericsson's vice-president of U.S. marketing, although the company has sold its switching gear to MCI Com-

its switching gear to MCI Communications, the cut-price carrier, and for use in several mobila cellular telephone systems. Like others, Mr Meurling agrees tha Bell breakup has

created "a whole new market." He helleves there is room for at least one other central switch at least one other central switch, supplier and Ericsson bas set its sights on being that third supplier. "Our target is to have 5 per cent of PBX and 5 per cent of the switch market by the end of the decade."

Even if the host of competitions are more than detors manage to meet the de-mands of the market place against the clock, the resulting fierce pricing war is expected to drive prices and margins way down. But whoever wins the post-

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common Integrated Services market place to foreign competition is "a double edged sword" which will "almost integrated and other competitions and the competition is "a double edged sword" which will "almost integrated and other competitions. The challenge for the new evitably" lead to additional foreign and other competitors pressure by U.S. equipment dress the yawning \$1.2bn telenew competitors will fare. For duction of changes in the U.S. month to concentrate its buman communications equipment. ITT (considered a European telephone system, specifically and financial resources on trade gap between Japan and competitor in terms of the U.S. the move towards providing adapting System 12, already the U.S. last year.

Privatisation Italian style

WHEN IRI, the Italian state parties which regard them as bolding company, agreed seven weeks ago to sell off its conweeks ago to sen on its con-siderable operations in food manufacturing and distribution, the speed and completeness of the transaction seemed to be too good to be Italian. And this, unfortunately, is what it has turned out to be. The sale of the foods busi-

ness, controlled by a company named SME, suggested that ciously with each other in Professor Romano Prodi, the chairman of IRI, bad at last So the transfer to an outsucceeded in carrying out a sider of an important industrial large-scale privatisation of power block such as SME, large-scale privatisation of activities which IRI regarded as "non-strategic." It meant a decisive reversal of the process under which, for five decades, the Italian stale has always acquired and never disposed of husinesses, however anomalous their control by the state In a hroader sense it seemed

to be further confirmation of the way Italy, during the 1980s, has heen gradually getting on top of its problems such as terrorism, unlon militancy and, In this case, the scandalous losses chalked up by the state holding companies.

Fiefdoms

It was particularly impressive that the sale of SME 10 Buitoni (which recently came under the control of Sig Carlo de Bene-detti, chairman of Olivetti) was politicking that accompanies which involves the state. But the polltleking came

afterwards. The minister responsible for state bolding companies, Slg Clelio Darida, whose signature was apparently needed for the deal to go through refused to give it, despite having approved the purchase in principle. Then IRI began to receive counter-offers to that from Buitoni wbich to that from Buttom obliged it to consider alternatives to the Benedetti deal.

When, at the end of last week, IRI told the minister that it wished to abide by its agreement with Buitoni, one might bave expected hlm to ralify it. Instead, the minister changed by decree the terms on which the negotiations bad been carried out till then. He asked IRI to reconsider the whole thing, with the minister retaining the final say. What hap-

pens next is anyone's guess.

The reason things did not go smoothly is that state-controlled companies in Italy are in many cases fiefdoms of political

sources of patronage and of jobs. Because there is no alternation, in Italian politics, between the parties in government, the tentacles of the ruling parties can extend unhindered into areas of national life that in other countries remain vir-tually immune from politics. The Christian Democrats and the Socialists compete fero-

power block such as SME, hitherto firmly in the Christian Democrat orbit was bound to arouse the acquisinve instincts of Sig Craxi. It did not help matters that he received no advance warning of the deal. He pronounced his dislike of the agreement with Buitoni from the outset, and his staff have made clear that they would

have made clear that they would prefer a purchaser favoured by the Socialist Party.

The immediate victim of the affair is Sig Prodi: he no longer has the distinction of being the first head of a state holding company to defy Italian political gravity and get away with it. Privatisation, despite heing official government policy. heing official government policy, may now be more difficult to achieve, at least with the larger units of the state sector.

If IRI pursues its stated aim of selling stakes in its sub-sidiaries to cement collabora-tion arrangements with foreign companies they may be re-luctant to take them up if it means being dragged through a political militace. Foreign investors will think twice about continuing their new tendency to invest in those strong state-controlled companies which are

publicly quoted.

Italy's big private-sector companies—Fiat, Olivetti, Pirelll and Montedison—bave sbown they can thrive even in a political system that often appears short-sigbled and inwardlooking. The economic incentive to wean as many Italian state sector companies as possible away from the direct control of the politicians is there. First, the government must lay down unambiguous rules on how privatisation is to take place. It might also consider that these transactions would be much less painful and threaten-ing if Italy could develop a stock exchange, and a culture

Teething troubles

Even the Japanese agree that the West Germans lead the world in motor industry technology. So the Germans are a bit embarrassed about their fallure, so far, to daal with the polecat problem.

It seems that the insulating compound applied to electric wiring in cars has a smell which polecats (small, four-legged beasts of the weasel family) find irresistible. The animals frequently pop into car engine compartments for a quiet nibble with obvious results. Dr Hans Hagen, BMW's direc-

tor of science and research, is one who suffered personally from the problem. He says all the German car makers are now co-operating to combat the

The manufacturers have re-jected any idea of just shooting the varmints — the environ-mentalists would not approve and, in any case, polecats mainly do their chewing well after midnight.

Instead, the industry has tried spraying the wiring, which did not work, and ultra-sonic

sound systems, which upse dogs. Hagen suggests that the industry may have to resort to a low-tech solution and fit some kind of wire mesh under the engine compartments to pre-vent the polecats getting in.

Meanwhile, be just thanks his lucky stars that the creatures have not developed a taste for the compond on car braking

Spin off

George Dorman misses the buzz of the early 1970s when be was sent from Italy as managing director of a one-man company to establish a market ln Britain for Zanussi appliances.

He was not exactly given a flying start. Still in his 20's, with no work experience in the UK, he was also hobbled by a rider from bead office which of share ownership that would chable state boldings to be floated off to the public at large and not to established

Men and Matters



Never mind where you want to go-where do you want to be chucked out?"

Happily, his arrival coincided with that of a boom in sales of appliances which caught the Or appliances which caught the UK manufacturers with their pants down. Unable to meet demand, they turned to Dorman. Within five years he was selling 500,000 appliances

a year.
Even so, Zanussi was hardly
a household name. All ita
appliances were sold under
other companies' brands.
His next challenge was to
establish Zanussi as a brand in
its own right—not an easy task
in a market where Italian in a market where Italian appliances bad earned a downmarket, cheap image. The answer? The Appliance of Science. The washer from outer

space.
It worked—but Dorman has had enough. He has resigned complaining of a low boredom barrier which began to crumble

about three years ago.

With balf an eye on the sweeping successes of the Benetton operation, he plans to capitalise on his links with Italy by opening shops selling only Italian goods, "No frocks," he insists, hut covering everything from food to tailored cloves. His ideal area, be says, is

Henley on Thames and other Home Counties dormitories of the well-heeled. Once off the ground, he aims to franchise the husiness the husiness.

There is an uncharacteristic whiff of hitterness in his reasoning, reflecting his own trials at the hands of the mighty chain retailers who dominata the UK appliance market.

ket.
"There are thousands of good manufacturers in Italy.

I'd like to give them a chance in a larga market lika the UK without their being screwed by the multiples," he says.

Microfracas

The widely publicised Christmas punch-up between Sir Clive Sinclair and his bome computer rival, Chris Curry, founder of Acorn, did not end with the apologies made the next day. Sinclair Research complained to the Code of Advertising Pracad that caused the fracas - a reproduction of Press reports of a survey which referred to the unreliability of Sinclair

And Acorn complained to the Committee about the accuracy of market share figures quoted in an ad for Sinclair computers. The Committee has responded by criticising both. Acorn's ad. it says, "failed to respect the principles of fair competition," and Sinclair's "could be mis-

Not that the verdicts are likely to provide any consolation—both Sinclair and Curry have now lost ownership and management control of their respective companies after run-ning into financial difficulty.

Knight watch

The last few days have been The last few days have been good ones for Bernard Audley, one of the founders of AGB Research, the British market research group as a £100 company in 1962. First there was a knighthood in the Queen's Birthday Honours. Then AGB clinched its largest export contract. tract — a £13m five-year programme to provide overnight television ratings in Italy.

For the first time Italian rat-

ings will cover not only the public sector programmes of RAI, but the private independent companies, once regarded as "pirates," but now finally respectable.
"AGB has acted as a catalyst

in bringing the two sides to gether," Sir Bernard, AGB's chairman, says. He intends the result of his company's work to be the most detailed picture so far on who tember the result in the signal of far on who watches what in Italy. AGB heat Nielsen's, the

world'a largest market research organisation, to the contract, and now Sir Bernard intends to tackle Nielsen in its bome market, the U.S.

Law suits

Byron Limited has been in business as tailors in Hong Kong for the past 25 years, so it obviously knows its market. Included in the wardrobe it recommends for the business man is a dark grey, all wool, suit "to wear at board of directors' meetings and courtroom trials.'

Tall order

Heard in a cafe in West London: "Would you put three cups of tea in this vacuum flask, two without sugar?"

Observer

66 Our new technology has projected us into the space age 99

JOHN STRINGER, WADE JRELAND LTD. SUBSIDIARY OF WADE POTTERIES PLC STOKE-ON-TRENT

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SRI LANKA IN CRISIS

The vital role of Rajiv

By John Elliott in Colombo

wardene, 78-year-old President of Sci Lenka, the island off the southern tip of India which last night was poised on the brink of a ceasefire after two years of ethnic violence. two years of ethnic violence.

Mr Jayawardene was speaking at the weekend in the capital, Colombo. He is believed to have agreed at a summit in New Delhi two weeks ago with Mr Rajiv Gandhi, India's Prime Minister, that a ceasefire should build up gradually over six weeks from yesterday and then last for two or three months, during which time talks could take place.

It is now almost two years

anning worch time talks could take place.

It is now almost two years since century-long rivalries erupted into enti-Tamil riots by Sinhalese mobs which engulfed Colombo. Since then Tamil extremists, organised in five mein guerrilla groups based in Madras, Tamil Nadu, have been stepping up their viotent campaign. Some are Marxist-based and want a revolution for the whole island. But the immediate aim is Eelam, total independence for the Tamil areas of the north and east, even though the majority of the island's 2m Tamils would probably settle for regional devolution.

With villages burned and deseeks loan of \$150m

With villages burned and de-molished, over 10,000 villagers in temporary refugee camps on the island, and hundreds dead, Mr Jayawardene admits the situation has "got worse in the past two years." The communal unrest has increased and engulted a small Mostem community, and extremist groups have become more sophisticated and have come to regard them-selves as parallels to the Pales-time Liberation Organisation and Swapo in South Africa. The country's economy is suf-

fering and there are meat and fish shortages. There are up to 100,000 Tamil refugees in south-ern India and several thousand more in European countries incinding the UK, where some face repatriation. Hardly any rourists are visiting the island and foreign investment is dry-

Mr Jayawardene's dream of turning Sri Lanka into a south-east Asisn-etyle free market economy has been almost haited as the island has been drawn back into the ethnic problems common in South Asia where India predominates.
Scandinavia and other coun-

"THIS HAS become a warpeople beve been killing each
other," says Mr Junius Jayaand \$550m of annual aid have also been complaining about the government's ethnic policies. There is also a mood for the

troubles to end among many of the islend's 15m population. An extremists' attack on the ancient Buddhist Sinhalese city of Anuradhapura last month nudermined the confidence of both the government and the Sinhalese people. Nearly 140 people were killed in the inci-

For most of the two years, the Sri Lankan Government has contained the extremist activity to the nortern Tamil homeland of Jaffna where Tamils make up 75 to 90 per cent of the popula-tion compared with 12 to 17 per cent nationally.

But the extremists took the battle in April to Batticaloa in the east where Tamils account for 72 per cent of the population, Moslems 24 per cent and Sinhalese 3 per cent. The aim was to drive the Sinhalese out and win over the Moslems, but eventually there was violence hetween the Moslems and Tamila, incited according to independent observers by a government special task force trained by ex-British SAS officers. officers.

Then the extremists moved to the area around the strategic-ally important deep-water port of Trincomalee on the Indian Ocean. This area is a buffer zone hetween the strong Tamil areas of Jaffna and Batticaloa and with its deep-water port is essential economically to any Eelam state. Equally it is crucial for any Colombo Gov-ernment to control.

Its population is roughly split Its population is roughly split into three equal parts of Tamils, Simhalese and Moslems. "Go to Trincomalee because there you can see something of a border war. In many Sinhalese minds, Jaffna may have to be given up to the Tamils one day. But never the east, so Trinco is the border." I was told in Colombo. border," I was told in Colombo.

In some of the worst violence so far, e bus was stopped south of Trincomalee hy troops who shot six Tamil passengers. So Tamil extremists shot four Sinhalese and dumped their bodies where soldiers had al-legedly burned the bus passengers. The army is reported then to have burned two Tamil villages near Mutu, south of Trincomalee, in retaliation, for the incident last month. The Scandinavia and other countries among international aid two Sinalese villages and the



nearby et Kuchaveli was blown up hy extremists. As many as 300 soldiers are then said to have descended on the village, burning Tamil houses

The village borders a beautiful nalm transland colden.

ful palm tree-lined golden beach. Last week all that remained of the Tamil area was masses of flattened and burned huildings. Nervous nevy troops aimed machine guns from behind sandbagged defences and rough road blocks. A littla to the south, a bridge bad been hlown np and e modern popular S0-bedroom beach botel, the Moonlight, was in total ruin, having been bombed and burned by extremists because the owner was suspected of helping the troops.

Although the Moonlight was the first botel to be attacked by terrorists (apart from a minor explosion in the Colombo minor explosion in the Colombo Oberoi last year) the tourist industry has been hard hit. The total number of nights spent by tourists on the island declined by 22 per cent last year over 1982 and receipts in SDR's declined by 13.3 per cent in 1983 and by 8.7 per cent last year.

comalee late last month an eir cornalee late last month an eir force officer was killed in an extremist smbush. Troops the next day allegedly indiscriminetely shot seven Tamil civillans. A few days later a police station nearby et Kucbaveli was blown up hy extremists. As 300 soldier—

the hard pressed economy last year and saved the government possibly having to go to the international Monetary Fund for help. But now falling tea I prices are partly removing this prop. Foreign exchange ings from 2. for help. But now falling tea prices are partly removing this prop. Foreign exchange earn-ings from tea rose from Sri Lankan Rs 8.3bm (£251m) in 1983 to Rs 15.8bm last year and are likely to fall by at least Rs 2bm this year.

The other main shock to the

The other main shock to the economy is the rocketing level of defence spending which is now Rs 16m (about £500,000) a day in a country whose army, as one civil servant put it, "used to march only on independence day and that was that." The 1985 budget for defence was fixed at Rs 3.6bn, but Mr Ronnie da Mel, Finance Winister, has said that at least Minister, has said that at least another Rs 2bo will be needed which will take the total to seven times the expenditure in 1977. And Mr de Mel has given a warning that yet another Rps 2hn may be needed this

partly on buying helicopters, patrol boats, aircraft and guns and other equipment which are urgently needed by under-trained, unconfident and often

as he tries to establish strength and confidence, himself in succession to the Mr Jayawardene, who

stands the Sri Lankan oroblem and does not want the Sri Lan-kan unrest to stir up India's southern state of Tamil Nadn where there have recently been anti-Jayawardene demonstra-tions. Tamil Nadu has historic links with the Sri Lankan Tamils which pull Indis and Sri Lanka inextricably together The first objective in Sri

The first objective in Lanka has been to step up pressure to persuade the extremists to join a ceasefire, for whatever motive. "We for whatever motive. "We believe that the Sri Lankan Government will never put up proposals sufficient for our proposals sufficient for our people so we want Rajiv and the world to see that lack of willingness. For that reason a ceasefire would expose Mr Jayawardene," says Mr. A. Balasingham, chief theoretician of the Tamil Tigers which was yesterday reported to have joined the ceasefire.

Mr Jayawardene's brother, Harry, a lawyer, has been in

Mr Jayawardene's brother, Harry, a lawyer, has been in Delhi this week consulting constitutional lawyers on whether India's devolved system of semi-federal government could be edapted to give more autonomy to Sri Lanka's northern and eastern provinces than Mr Jayswardene proposed before the last round of talks collapsed in Sri Lanka last December.

December.

Earlier sticking points like the power of local police and the percentage of land given to different races could probably be solved, but the main problem is that most Tamils want the northern and eastern provinces combined into one area which Mr Jayawardene rejects asying: "They must remain separate, that is funda-mental and non-negotishle."

In the past, possible peace proposals have been rejected by leading Buddhist priests and hy hardliners in Mr Jayawordene's United National Party which is sharply split on political and personal rivalries. These hurdles remain and can only be crossed if Mr Jayawardene contrained, unconfident and often tounds his critics and shows be unruly troops.

Meanwhile, Mr Gandhi's and not just boying time to peace initiative is important recoup political and military

1983 and by 8.7 per cent last year.

This year the decline could be even worse after the Anuradhapura and other attacks and no part of the island can now be regarded totally safe.

Rising tea prices internationally and a sharp increase in the volume of tea exports bolstered and responsibility for any failure on the prices in the volume of tea exports bolstered as the times to establish this strength and confidence. Mr Jayawardene, who felt hullied by Mrs Gandhi, has suddenly become full of praise for Mr Gandhi, He is, however, tending to overstate, in India's view, the role that India can play. So the praise carries the risk that he may try to shift the responsibility for any failure on the local play.

Company political donations

What the shareholders should know...

By Edmund Dell

THE PRESENT increasing sen-sitivity eboot company political the Conservative Party. sitivity eboot company political hy the recent decision of the Willis Faber Board to give its sharebolders advance notice of its intentions. What they are doing is welcome, but is it

If company boards attend to the advice given in Company donations to political parties: a suggested code of practice, which was published yesterdsy, they will take at least one step further. They will explain why they think it is in their company's interests to make the proposed donations, and they will poll their shareholders for their approval of the atate-ment embodying their explanstioot.

Many companies that make political donations do so reinct-ently. When I was an economic minister in Labour Governments, chairmen of companies who wanted some form of government support would occasionally take an opportunity of informing me that they supposed I knew that they gave money to the Conservative Perty. "You will understand." they would tell me apologetically, "that we do this because trade unions give money to the Labour Perty." They were embarrassed, I was annoyed that they should fear that such considerations might affect me or the government of which I was a member, and we passed on to the merits of whatever they were proposing.

They thought that it was the most natural thing in the world that politics in this country should be financed by "the two sides of industry." But it certainly made me feel that our method of funding politics served to "accentuate inslead of reflecting the actual degrees. of reflecting the ectual degree of conflict in society."

That is e quotation from an earlier report entitled "Peying for Politics." In 1980 I was asked by the Hansard Society to chair a commission on the funding of politics in this rountry. The commission represented e wide spectrum of political op-inion. Nevertheless, all of us felt that what were then two donations. My colleagues on the main political parties were far too dependent on institutional tical donations were in no way financial support, trade unions in the case of the Labour Party Hansard Society Commission.

Street, London, WCI; price £2.50.

The author is chairman of the Hansard Society Commission and a former sacretary of State for Trade.

report. However, they accepted its hasic thrust. It would be less damaging if

It would be less damaging if the distribution of political giving was influenced by some assessment of the views of shareholders and employees. If companies did that, and trade unions could be persuaded to do the same, it would at least reduce the confrontational element in the way political parties ere funded in this country. But there is little sign of that happening. in our suggested voluntary code our key proposal that boards should make a statement argu-ing their case for political

happening. time bsd it as their intention that they should lead to a re-

The confrontational element

could be reduced

duction in the parties' depend ence on institutional sources of finance. The method we chose was designed to encourage modest contributions from individuals. For that purpose we recommended that such contributions up to a very low ceiling should be matched by small grams from the state. There would thus, we hoped, be a greater incentive for political parties to seek widespread membership. The majority of us felt that, so far as trade uniquicity were converted. unionists were concerned, the law should substitute rontract-

ing in for contracting out.*
Then came the Trade Union Act. 1984. It went less far than the Hansard Society Commission had recommended. Neverthe-less, it introduced a statutory requirement on trade unions to bold regular ballots on political bold regular ballots on political for the distribution of their funds. The sensitivity about political donations. company political donations derives in part from thet

legislation. It seemed time for an inquiry into whether, partly to balance the new trade union legislation, but also because it was right in itself, there should be a voluntary code of prectice governing company political donations, My colleagues on the

Our report insists that political donations should be kept in proportion. An action which berome unacceptable if it is out of proportion, and we emhodied giving, and present it to their sharebolders for approval.

What kind of statement could

board make to justify political giving? Years ago, one great industriel magnate told mc that if I could persuede the Lahour Party to abandon nationalisation, it could expect largesse from his company equal to the very large sum then going from it to the Conservative Party. He was not, of course, taking any great risk. For my part, I wondered whether, if 1 succeeded in so momentous a task, the arealy might not a task. the result might not rather be that he would stop giving mone; to the Conservative Party. What further reason would he have? It is understandable that com-panies should wish to contri-bute to political parties that oppose nationalisation. More positive reasons might arise from a fear of the return of exchange control, ettitudes to membership of the European Community, or approval of recent trade union legislation. My sympathies are with those leading industrialists who told the working party that they are persuaded by the many power-

ful arguments against company political donations. But if company boards think that they can justify it, let the reasons he on the rerord to be examined by shareholders; and let boards consider carefully what the implications of their reasons are †Company Political Dona-

†Company Political Donations: a suggested code of practice, is ovailable from the Constitutional Reform Centre, 60 Chandos Place, London WCL, price £2.50.

Pugying for Politics, the Report of the Hunsard Society Commission, is ovailable from the Hunsard Society, 16. Gower Street, London, WCl; price £2.50.

The threshold

From Mr P. Ashton

Sir,-In his eagerness to define a new tax/benefit distor tion Professor Collard (June 12) on "The threshold trap" falls to provide an adequate reason for us to be concerned about its

It is obvious that increases in tax thresholds will benefit those on the proposed means-tested benefit less than other taxpayers (since the new benefits will be linked to net rather than gross earnings) but why refer to this as yet another "trap"? The poverty and unemployment traps are so named hecause they are believed to discourage people from earning more or from seeking employment: they are thus trapped into poverty (or more correctly low ne earnings) or unemployment.
Whst, though, does the
differential henefit from e
reduction in income tax prevent people from doing? They are not in any sense of the word "trapped" into anything. The main effect on benefit

The main effect on benefit recipients from an increase in tax thresholds will be to reduce their number as they are gradually floated off benefits. Hence the size of the poverty trap problem is diminished as thresholds are increased, Surely a could thing? Peul Ashton

University of Liverpool, Eleanor Rathbone Building, PO Box 147, Myrtle Street,

British Airways and Lourho From the Chief Executive,

British Airways
Sir,—The report (June 18)
thst, "British Airways had indicated s recognition of Sir Freddie'a (Laker'a) and Lonrho's position by an inade-quate suggested figure for settlement of their claims" is

At no time has British Air-ways offered or indicated that it intended to make any offer to Lourbo in respect of its elleged claim concerning the joint ventures Skytrain Holidays and Peoples Airline.

P.O. Box 10, Heathrow Airport (London), Hounslow, Middx

Working women

From Mrs K. Clifton
Sir,-Mr Hart (June 12) bas again raised the old chestnut of married women part-timers taking jobs from the young unemployed. An employer will all times seek conscientious, forces supply these workers in the form of married women who are often eble to deal on the feeting the sensitivity to the feeting and the market behaviour, dividend warship of this type, aomething the sensitivity to offer!

Letters to the Editor

a part-time basis with a full- changes in market conditions time workload, who can blame the employer for employing them? How many literate

school-leavers are there?
Other industrialised countries do not usually heve Britain's do not usually neve initials bigh levels of part-time employment because other countries provide a far superior child care service. If a moderately paid mother has to pay for childcare after paying tax and national insurance, her "take home" pay may be only a few pounds a week more for a full working week than a part-time working week than a part-time working week when she does not have such deductions. Mrs K. Chifton, Deepdene, Ockham Road North, West Horsley, Leatherhead,

Electricity from France

From the Secretary,
Electricity Supply
Trade Union Council
Sir,—Your report (June 14)
about the attitudes of the electricity supply trade unions to
the supply of electricity from
France over the new 2000 MW
undergeter cable is unitive. underwater cable is untrue.
The unions in the industry The unions in the industry have been kept informed by the Central Electricity Generating Board ehout the plans for the use of this cable, and we have made no objection to what the board has so far told us about the way the link will he used.

J. Lyons.
Station House,
For Lang North.

Fox Lane North, Cherisey, Surrey.

The importance of dividends

From Mr J. Gurney. Sir,—Many investors share Mr David Devies' puzzlement, expressed on the Management Page ("Upending some sacred cows," June 3), that the academic establishment should continue to regard dividend policy as baving no effect on share prices, in the face of all the evidence to the contrary. His statement, bowever, that His statement, bowever, that Economic theory says that dividends are et best irrelevant' is too sweeping. There la indeed one theory, due to Miller and Modigliani, that maintains this, but I would like to draw Mr Davies' attention to a com-peting theory which I heve put forward in a number of articles. According to the alternative theory, which has the merit of being consistent with observed

Increasing the dividend payout ratio for a given investment reduces the market-related vola tility, so that the systematic risk, and, therefore, the appropriete discount rate, are less, and the share price valuation is

greater. J. P. Gurney. Allied Unit Trusts, 9-15, Sackville Street, W1.

Expensive

warships From Mr D. Wragg.

Sir,—It is not surprising that the Ministry of Defence sometimes receives poor value for money in warship huilding con-tracts, according to the Comp-troller and Auditor-General.

There is a learning curve in examples of any major item of the construction of the first equipment. It follows that later examples should cost less and take less time to complete than the originals, providing, of course, that production has been concentrated on a single aource so that the learning acurce so that the learning curve occurs just once, and does not have to be repeated hy two or more manufacturers or, in this case, shipyards.

Instead of placing orders for new warship classes with just one yard, the Ministry of Defence prefers to scatter these around in penny numbers. The Invincible-class of aircraft carriers consisted of just three

Invincible-class of aircraft carriers consisted of just three ships, yet huilding was allocated to two yards, meaning that two out of the three vessels were at the start of the learning curve. Although there are supposed to be eight Type 23 frigates in due course, the Ministry of Defence has not ordered all eight from a single yard, but instead has ordered yard, hut instead has ordered just one and hopes to order up to three more over the next twelve months; small wonder that this supposedly low-cost class of frigate is now estimated to cost almost as much as the more capable Type 22!
The ordering of an entire

class from one yard would enable the maximum benefit to be obtained from the learning curve, while also ensuring that the yard could plan ahead and phase construction et the most economic pace. There would be another beneat as well: the Dutch placed orders for the first eight of their Kortenaer-class frigates with just one yard, which also means that it was easier for them to offer early delivery when the Hel-

Of course, it can be argued Of course, it can be argued that spreading the available work helps employment and the regions, but if it effects our ability to maintain the right level of naval forces, these other considerations must ultimately be self-defeating.

David W. Wragg. 45, St Margarets, Guildford, Surrey.

Political fund ballot

From the General Secretary, Association of Scientific, Technical and Managerial Staffs Sir,—The story in Men and Matters (June 17) that when ASTMS conducts its political fund bailot "members will have to sign their voting slips and fraud detection will be limited to a simple handwriting check"

is quite false

It would be illegal to have such a requirement. In workplace ballots members will sign an electoral roll and then receive their hallot in an envelope os required by law for easting in a ballot box. Clive Jenkins,

79, Camden Road, NW1.

Violence on the terraces

From the Chairman Stamford Group

Stamford Group
Sir,—As a regular visitor to
the U.S. and a keen spectator
of haseball and tee hockey, I
feel ohliged to comment on Mr

Sloman's letter (June 13).

His conclusion that the revival of discipline, "that old fashioned virtue," is required may well be true and would certainly have my support. His assumption however that there is a greater abundance of selfdiscipline generally in the U.S. seems very doubtful to me.
The reasons for less hooliganism (at least off the streets)

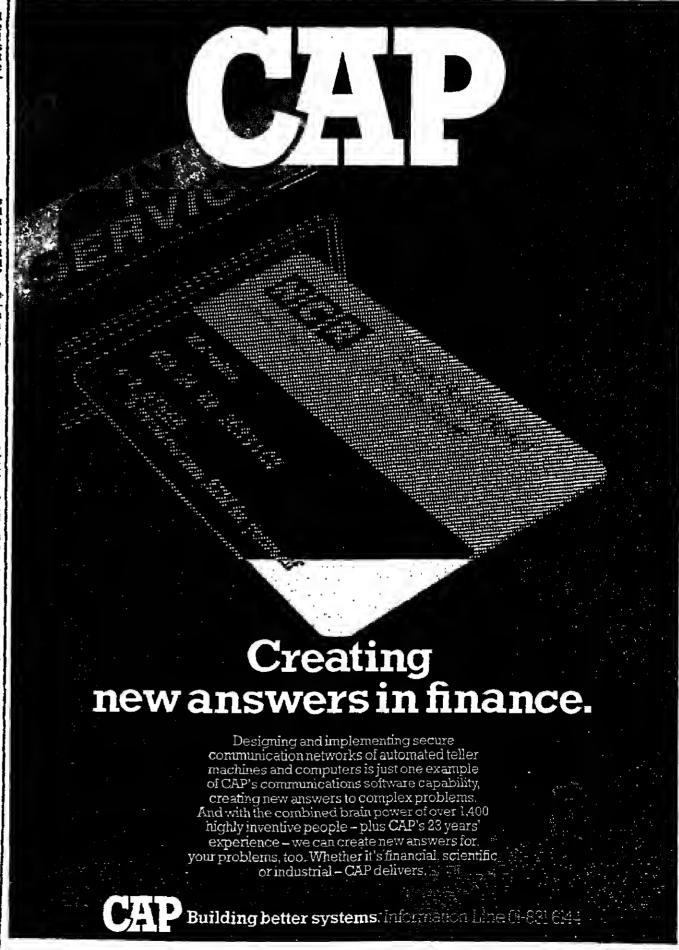
at sporting events in the U.S. is due to a combination of better, often ultra modern facilities, e conscious responsibility to entertain prior to the main function and, of course,

the main function and, of course, geography.

Distance prevents much travelling by supporters of the visiting teams. Consequently, virtually everybody watching e major baseball game supports the home side. Good humour ebounds, as does excellent marshalling to clamp down immediately on drunks or trouble makers.

After watching English soccer for 35 years, I remain

cer for 35 years, I remain baffled by the failure of the FA and Football League to learn from the U.S. in the development of their industry. Only e handful of clubs, of which Manchester United is the clear leader (I declare e lifelong interest!), have even started to approach the high standards which ere eccepted as normal in the U.S. J. M. Nugent Bayley Street





FINANCIAL TIMES

Wednesday June 19 1985



Ministers plan new talks on European fighter

TWO DAYS of talks in London have failed to produce agreement be-tween the defence ministers of Britain, France, West Germany, Italy and Spain on the development of a future European fighter aircraft.

Instead, the five have instructed their national aerospace industries to produce fresh reports on the ven-

ture's feasibility.

This may be followed by a further ministerial meeting next month.

None the less, Mr Michael Heseltine, the British Defence Secretary, who chaired the London talks, said after they ended yesterday that some progress had been made.

In particular, this had included "narrowing the options available" on technical issues. Within the aerospace industry this is thought to mean that disagreements on the mission capabilities and weight and engine power of the proposed air-craft may have lessened slightly.

It has been widely known for some time that the French have wanted to see a smaller, lighter airwanted to see a smaller, uguler air-craft especially for ground attack roles, than the UK and West Ger-many, which want a bigger aircraft to fulfil an additional air superiority

Mr Heseltine yesterday admitted that there were still difficulties and differences of view, but he claimed that the London meeting had nar-

All five defence ministers wanted the prospective collaborative venture to materialise, because with its long production runs and shared costs it was an attractive method of solving the problem of replacing existing, ageing aircraft.

There is no guarantee, however, that there will be another ministerial meeting in July. Much will depend upon the response of the aero-space industries of the five coun-

Mr Heseltine indicated that one element in the new instructions would be a widening of the scope of the studies to bring the avionics (airborne electronics) industries of the five countries more into the dis-

Another separate collaborative a little further forward at the London talks is the four-nation (UK, U.S., French and West German) plan for a new military transport

Previously, this has been concentrating solely on transport duties, with the replacement of the U.S. Lockbeed Hercules turbo-prop aircraft mainly in mind.

Over the past two days, however, it has become clear that ministers have widened the studies to include requirements for Airborne Early Warning, anti-submarine warfare and air-to-air refuelling. Conse-quently, the venture will in future be called the "Future Large Air-

Work on this has been under way for more than two years between British Aerospace, Lockheed of the U.S., Aerospatiale of France and rschmitt-Bölkow-Blohm σĒ

UK in row over vehicle pollution

Continued from Page 1 reduce emissions of damaging ni-trogen oxides, as in the U.S. and Ja-

factor in the phenomenon known as acid rain, which is blamed for wide-

spread damage to European forests ed acidification of Scandinavian Mr Clinton Davis vigorously de-

fended his proposed emission stan-dards. He said they faithfully reflected" the framework agreed by ministers in March and denied that be had failed to consult the industry before putting them forward.

"I find it a little painful that our this way," he said.

China appoints younger generation of ministers

y young and well-educated, to the

The appointments will force the is just under 55. nent of six ministers, all over the age of 65, and the removal of two others from their posts. The latter two, according to the Chinese newsagency, Xinhua, "will be as-signed to other posts," though the nature of the posts was not re-

An aim of the Chinese leader, An aim of the Chinese leader,
Deng Xiaoping, has been to phase
out the generation of elderly officials holding power and replace
them with younger and better-educated people in their 40s and 50s.
Deng, who is 80, hopes to clear
the path for a smooth transition of ne part for a smooth transition of power when he and other senior leaders retire. He is confident that the younger and educated officials are likely to stick to his pragmatic line, and a power struggle will be

The new ministers were formally nominated by the Chinese Premier, Zhao Ziyeng, and then appointed at a meeting of the standing commit-tee of the National People's Con-

THE CHINESE leadership yesterday took a major step to entrenching its policies by appointing eight
new ministers, all of them relativeoldest is a 58-year-old minister of
Li Peng, generally perceived as a ordnance industry, Zou Jiahua. The average age of the eight appointees

> given the portfolios of coal industry; railways; petroleum industry; radio and television; commission of science, technology and industry for national defence; and astronau-

Most of the appointees have moved into economic-related posts, reflecting the leadership's concern to entrench the present pragmatic economic policies. According to Xinhua, the appointments were made as part of the "Government's programme to make cadres more revo-lutionary, younger in average age, better educated and more profes-

The departing ministers have had

Li Peng, generally perceived as a political up-and-comer, was ap-pointed head of the state education commission, which will replace the ministry of education. Much emphasis has been put on the develop-ment of education in China, and the new commission will have more power to co-ordinate education poli-

Chinese leaders have indicated that there will be further moves both at provincial level and in the senior ranks of the Communist Party, all of which are designed to keep China on the path of modernisation

ruling bodies - the Central Commit-tee, the Politburo and the party secretariat - at a national congress.

The Communist Party general-secretary, Hu Yaobang, said last March that a shake-up was taking careers changing with the political dide. Tang Ke, replaced as petroplace throughout the country, and leum industry minister, was branded a "corrupt element" during the cultural revolution, while Wu Hu estimated that by the end of Lengxi, 76, replaced as radio and 1986 nearly 2m older officials and television minister, was labelled a cadres would have retired or taken counter-revolutionary revisionist less responsible jobs.

Peking summons an economic miracle-worker from Singapore

BY CHRIS SHERWELL IN SINGAPORE

garded as the principal architect of Singapore's economic "miracle," has begun work as economic advis-er to the People's Republic of Chi-na, a post which could offer significant opportunities for Singapore as well as an additional thrust to Peking's open door economic policy.

Announcement of the appointment has yet to be made by the Peking Government and has hither-to remained unconfirmed in Singaore. Even now the exact terms are still to be settled, but Dr Goh has already made one trip to China and is

DR GOH KENG SWEE, widely re- is part-time, he is not expected to leave his present job as deputy chairman of the Monetary Authori-ty of Singapore, the island state's powerful bank regulatory agency.

Until last December, when he re-tired from politics ahead of the general election, Dr Goh was first depu-ty Prime Minister, MAS chairman and Education Minister. A close associate of Mr Lee Kuan Yew, the Prime Minister, since self-rule in 1959, he has held the post of Fi-nance Minister and Defence Minister, each for two separate periods.

Aged 66 and an economist by training, Dr Goh is known for his planning a second.

He will be working in parallel with a 50-strong team of economists from the World Bank based in Washington and Peking. As the job training, Dr Goh is known for his forthright views and his general suspicion of most politicians, bank ers and theoreticians. He is regarded as a superh administrator. forthright views and his general suspicion of most politicians, bankers and theoreticians. He is re-

In his new job he is answerable to Gu Mn, the member of the State Council responsible for the four special economic zones, 14 coastal cities and Hainan Island, which have all been newly opened to for-eign investors to speed China's de-velopment. Go is in turn answershle to Zhao Ziyang, the Prime Minister and one of the prime movers behind the country's bid to catch up with the West.

Peking has evidently been impressed with the way Chinese migrants in Singapore have become prosperous over the past 25 years through their contacts with foreigners, and believes lessons can be learned from their post-indepen-dence experience of economic man-

French living standards 'to rise'

BY DAVID HOUSEGO IN PARIS

FRENCH living standards will rise modestly this year and next after falling during 1983 and 1984, according to forecasts published yesterday by the Ministry of Economy as background papers to the prepara-tion of the 1986 budget.

The increases in real household purchasing power of 1.2 per cent this year and 1.3 per cent in 1986 will, however, mainly reflect the impact of tax cuts. The Government is basing its budget calculations on its plan to prevent a real rise in sala-ries, especially in the public sector. The figures nevertheless show that it will take two years for Presi-dent François Mitterrand to redeem his promise of cutting taxation's Share of gross national product by 1 an expected FFr 18bn (\$1.95bn) defi-

percentage point. He had hoped to cit in the social security fund would achieve that goal in 1985. On the ministry figures, tax and social security payments as a pro-portion of GNP will fall by 0.8 point

this year and by 0.3 point in 1986. The forecasts implicitly confirm the sharp cuts in public spending that are now on the way. They are based on holding the deficit of the public administrations (the central government budget, the local au-thorities and the social security fund) to 3.2 per cent of GNP next year, against the 3.6 per cent fore-cast by the Organisation for Economic Co-operation and Develop-

be absorbed by spending cuts rather than through an increase in social security contributions.

The ministry figures show that

the Government has revised downwards its forecast of the growth in real GNP this year to 1.5 per cent. That is still above the 1 per cent predicted by most private insti-The Government meanwhile is

for the first time publicly acknowledging that the trade account, which it had expected to be in sur-plus this year, will be in deficit. The ministry forecasts a FFr 10hn defiforecast by Insee, the state statis-

Pollution row closes Berlin plant

A BERLIN court has stirred up a rsy in West Germany by ordering the shutdown in the city of a battery-producing plant owned by the family of a government minis-ter, on the grounds that it is causing lead pollution.

The decision was taken by the Berlin administration tribunal run between 1957 and 1982 by Herr Christian Schwarz-Schilling, Minister for Posts. The company is still controlled by Herr Schwarz-Schilling's family.

Yesterday Herr Schwarz-Schill-

present management had already containing dangerous quantities of filed an appeal against the shutdown ruling, which could cost - at least temporarily - up to 250 jobs, as well as the loss of DM 270,000 (\$88,000) daily for the company.

The case, which testifies to the enduring sensitivity of the whole environmental protection issue in West Germany, is notable on sever-

Should the closure be enforced it would appear to be only the second recent occasion on which compar-able action has been taken against a private West German concern. The earlier one, last June, involved ing called a press conference in a pesticides plant in Hamburg federal Bonn to denounce the move. He also was by the C. H. Boehringer company's pany, held to have generated waste be said.

Herr Horst Vetter, the local Ber-lin minister responsible for envirraised no objections to Sonnen schein's operations, has claimed that the court's new interpretation of West German pollution laws could have major implications

throughout the entire country. His words lent implicit support to Herr Schwarz-Schilling's own arguments yesterday. The minister de-clared that various inspections and rulings between 1977 and 1979 had found that the plant - above all its lead-smelting unit - did not infringe federal environmental norms. The sudden reversal was "unjustifiable"

Japanese **Cabinet** 'needs stronger role'

By Jurek Martin, Far East Editor, in Tokyo

JAPAN could respond more ef-tectively to international as well as domestic problems if the coas nomestic problems if the co-ordinating power of its Cabinet were strengthened, according to an advisory council to the Prime Minister.

The report, by a sub-commit-tee of the Administrative Reform Council, calls for the creation of Council, calls for the creation of a special external affairs office-inside the Cabinet and the reor-gamisation of the victually mori-bund National Defence Council into a national security council along U.S. lines.

These proposals, plus others designed to increase the reach and competence of the Prime and competence of the Prime Minister's office, clearly imply a diminuition of the traditional au-thority exercised by individual departments of government, as well as less of the consensus-ap-proach to policy making that is so characteristic of Japan.

They are bound to be opposed in detail by the existing powerful ministries, such as finance, in-ternational trade and industry, education, agriculture and posts and telecommunications.

The sub-committee's report is in no way binding and the fact that its members were drawn from outside the bureaueracy may further weaken its impact.

On the other hand, the ques-tion of administrative reform, the catchword for a more efficient government, is extremely important in contemporary Ja-pan. The process has already re-sulted in the privatisation of two state monopolies - telecommuni-cations, and tobacco and sait and is subjecting the bureau-eracy to greater public scrutiny than it has known for years.

The report argues that the con-The report argues that the con-senses approach and what is known as bottom-up decision-making takes too long in a fast-moving world. With so many ministries involved in interna-tional trade issues, the task of existing Cabinet resources can handle.

The Cabinet is sub-divided into various ad hoc groups, in-cluding defence, which rarely meets, and external economic affairs, which is frequently in ses-

But the notion of collective Cabinet responsibility is alien to Japan. Meetings of the various groups often amount to ministers simply representing the views of their departments, leaving the reconciliation of differences to trade-offs worked out by the bu-

The proposed National Security Council, to be headed by the Prime Minister, would principally deal with emergencies, such as bijacks and other acts of terrorism, and would thus be more limited in scope than its U.S.

The report makes clear that the Foreign Minister should remain responsible for normal conduct of external affairs, thus avoiding the "dual diplomacy" (between the NSC and the State Department) that has sometime caused confusion in the U.S.

The thrust of the report is likely to appeal to Prime Minister Nakasone, whose conflicts and irritation with his bureaucracy

He was influential in naming the report committee's member as he has done with other advisomittees. This has been part of his conscious policy to broaden the scope of public de-bate in Japan by relying rather less on the conventional esta-blishment.

THE LEX COLUMN

Losing the sense on translation

When Beecham Group an-nounced its preliminary results last Wednesday, the stock market took one look at the profits and knocked more than 7 per cent off the company's market capitalisation. Beecham had not reported any unfore-seen disaster in its operations, it had simply - and quite properly - failed to alert the market to the impact of exchange rate movements in the closing weeks of its financal

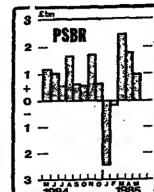
In the course of March, sterling's trade-weighted index increased by 8.3 per cent, while against the dol-lar, the currency's appreciation was no less than 14.6 per cent. For international companies which translate foreign currency profits at end-March exchange rates, the effect of this sudden rise on their consolidated results was dramatic. The move-ment cost Beecham roughly £15m at the pre-tax level and at Pilking-

ton depressed profits by £13%m.

Over the past four years it has consistently suited companies to use end-period exchange rates. Sterling's steady decline has meant that higher profits could be report-ed through this method than through the use of average ex-change rates. It is probably no coincidence, therefore, that the use of period-end rates has been gaining in popularity. A recent survey of 262 companies by the Institute of Chartered Accountants showed that 60 per cent of respondents were using period-end rates compared with 55 per cent a year earlier.

The end-period method is frequently esponsed by accounting purists since it preserves a symme-try between the profit and loss ac-count and the balance sheet, which must by definition be translated at end-period rates, But this argument fails to recognise that the two state-ments are performing quite differ-ent functions. Whereas the balance sheet is a snap shot of a company's financial position on a particular day, the revenue account should reflect performance throughout the

The use of two different methods results in a slightly messy move-ment on reserves and makes it marginally more difficult to calculate a eturn on capital. But miless a company reports its average capital employed - and very few do - it is im-possible to perform that sum accu-



opening and closing rates - where as there is only one way of working out an end-period rate. Moreover, even average rates can produce dis-torted results unless a company weights the calculation to reflect, for example, a seasonal trading pat-

Yet consolidated accounts are by their nature approximations; the their nature approximations; the year-end rate may produce not just an approximation but an aberration. A company which translated profits at the end-February sterling/dollar rate, for instance, would have reflected little more than the respective of the control of the contro short-lived whim of the foreign exchange market. In a volatile mar-ket, the case for using end-period rates is very thin indeed. The average rate method has already won some adherents - Red-

land and Pearson are recent converts. Above all, it is essential that when companies change their mind they explain their reasoning and disclose the consequences. BIR won itself no friends by moving to end-period rates - profits increased by £19m pre-tax as a result – and tucking the adjustment away in a note to its Dunlop offer document. Once a company has made the change, it should stick to the new

policy. In an ideal world, the Accounting Standards Committee would insist on a single treatment standard is a hopeless muddle.

Proponents of the year-end method also argue that it is simple and Net income, up nearly 9 per cent to the near-parasitic dependence of Y38.1bn, was respectable enough car hire on air traffic in the U.S. means that Hertz is anything but a can be calculated on several differ- given that exchange rates were means that Hertz is anything but a ent bases - daily, monthly or by moving the wrong way. But Sony's coonter-cyclical investment."

ly becoming less profitable and its new products have yet to make a real impact on earnings. Sales of TV sets were 25 per cent

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higher, mainly due to demand from China - but signs are that China is curbing its foreign exchange expenditure. Betamax, meanwhile, continues to be Sony's albatross, with sales actually falling. And the U.S. slowdown could not have come at a worse time for exports.

What Sony needs to move back into the fast forward mode seen in the 1970s is a highly successful new product. Its hopes are pinned on the 8mm video camera and deck, whose sales so far in Japan have been adequate rather than spectacular. The camera still has the advantage of lightness over the VHS models, but the Betamax failure has shown that people are reluctant to buy decks that do not play VHS tapes. Even if 8mm does take off, it may suffer the same fate as the compact disc for-mat, where the effect of soaring sales has been to produce profits and serious competition, in that or-

The vogue for restructuring busi-The vogue for restrictining bissiness portfolios has no more convinced adherent than United Airlines, which has lately been reshuffling its pack with all the nonchalance of a practised card player. In the past three months UAL has arrested to the first the care the care. ranged to strip \$1bn from its over-funded pension scheme, to spend \$750m on the Pacific routes of Pan Am, and realise some of its investment in the Westin hotel chain. Spending a further \$587m cash on the Hertz car rental business which RCA has been more or less willing to sell for years - appears to deal United a more comprehensive hand than its competitors in the U.S. travel game.

Hertz looks an attractive proper-ty at a time when United is fighting to regain market share after a dam-U.S. rules specify average rates. aging strike, With current high lev-Sadly, the relevant UK accounting els of internal air traffic, car hire capacity is at a premium, and the ability to offer an integrated service may be a good marketing ploy on UAL's air routes. On the other When Sony's shares fell Y20 to hand, Hertz has been a rather er-Y3950 yesterday, the message was ratic profit centre for RCA in recent not so much disenchantment with years, and the \$50m return on nearthe company's half-year results as ly \$1.5bn of sales last year is not



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World Weather

U.S. faces long ordeal over hijack

including that of the U.S. Mr. Reagan purposefully continued business as usual yesterday, the hostages would be released meeting President Habib Bourgui- with guarantees that Israel would Aviv: Israel continued yesterday to adopt a hands-off position. Mr Shiba of Tunisia at the White House subsequently free its Shia prison- adopt a hands-off position. Mr Shiand preparing for a nationally tele ers, as it has said that it was almon Peres, the Prime Minister vised news conference when be was expected to make a statement

about the hostages, give the impression of being totally immersed in the crisis in the way that his predecessor, former Presi-

ready planning to do.

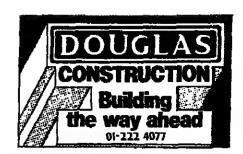
ready planning to do.

Mr Berri, however, has insisted that the hostages will not be released until after Israel frees its House officials were encouraged Shias.

The few hopes of progress yester-day appeared to be founded on a possible arrangement under which over the hijackers.

us we will receive them; we will listen to what they have to say,"

Later, his office issued a clarifica that Mr Reagan did not want to prisoners. The three hostages retion stressing that while Israel leased yesterday included Mr Denis would receive a Red Cross repre-Roussos, a popular Greek singer, his American companion, Ms Pam-would Israel conduct any negotiadent Jimmy Carter, became con-sumed with the 444-day Iranian Mr Arthur Targontsidis. White sation concerning the release of the



Tenneco to pay \$500m for Goodyear gas lines

BY TERRY DODSWORTH IN NEW YORK

TENNECO, the diversified U.S. energy and industrial conglomerate, is strengthening its position in the natural gas pipeline industry with the \$500m acquisition of Goodyear's pipeline and other gas activities in Louisiana.

The deal gives Tenneco a strong division in Louisiana, the third most important gas-consuming state in the U.S. after Texas and California. It also consolidates the Houston-based company's situation as the second largest gas pipeline operator in the country after Inter-north-Houston Natural Gas, which was formed through a recent merg-

Among the main assets to be pur chased by Tenneco are the 1,800mile gas pipeline system operated by Louisiana Intrastate Gas within the state of Louisiana, n 978-mile

Norsk Hydro to

buy majority

By Fay Gjester in Oslo

stake in Cofaz

transmission system operated by Mid Louisiana Gas Company, three gas processing plants and interests in two additional plants.

Goodyear, the U.S. largest tyre itself as Tennessee Gas Transmission system operated by pand to stay competitive and that the pipeline business made a better fit with Tenneco's operations.

Tenneco, which first established itself as Tennessee Gas Transmission

Goodyear, the U.S. largest tyre manufacturer, stressed that its Cel-eron All-American Pipeline Company, which is constructing a crude oil pipeline from California to Texas, was not included in the sale. It is alwas not included in the sale. It is al-so retaining its onshore nil and gas properties, except for its gas field at Monroe, Louisiana, along with its exploration and production business, and its extensive offshore Californian interests.

The tyre group refused to reveal the profits or sales of the gas activi-ties it is selling and would not say how much of the \$500m purchase prices was in cash as opposed to the assumption of debt. But it said it had been faced with the need to ex- for more wells.

mission in 1943, is one of the oldest gas pipeline operators in the U.S. Its network originates in Texas and southern Louisiana and extends up the Mississippi valley into the in-dustrial states around the Great Lakes and the large conurbations of the eastern seaboard.

The company said yesterday that the deal with Goodyear fitted with plans for the expansion of its integrated production and distribution facilities. The Louisiana pipeline will give it the opportunity to move gas into the U.S. from its offshore production facilities in the Gulf of Mexico, where it is still exploring

CDIC loss doubles as failures mount

BY BERNARD SIMON IN TORONTO

NORSK HYDRO, the Norwegian in-dustrial and energy group, plans to acquire n majority stake in Colaz, CANADIAN depositors should lose the size of their accounts. This decithe French fertiliser company, through purchases from two French concerns which together hold 80 per cent of Cofaz's shares - the oil company Total Marine and Banque Par-

It has signed a letter of intent to this effect with Total and Paribas but says the exact mimber of shares it will buy from each is still subject to negotiation, as is the purchase price. Its final stake will be somement. here between 50 and 80 per cent.

Cofaz ist France's second largest fertiliser producer, and the deal would significantly strengthen Hy-dro's position in the French market. It is, however, subject to approval by the governments of both countries. Hydro has informed the French authorities of its plans but has so far received no reaction.

It has been suggested in Oslo that France might make its approval conditional on an undertaking by several cases instructed it to pay tution "carryin hydro not to close any of Cofaz's out all depositors no matter what

• Store Norske Spitzbergen Kull-kompani, Norway's state-owned coal mining company on the Arctic island of Spitzbergen, made an operating loss of NKr 76.1m (\$8.6m), in 1984. But state subsidies totalling NKr 215m enabled it to show a profit of NKr 88.4m after year-end allocations.

A year earlier, with considerably smaller subsidies, it showed an overall deficit of NKr 82.6m and operating losses of NKr 78.4m. Turnover in 1984 was 14 per cent up, at NKr 277m, of which coal sales accounted for NKr 234m.

• Dyno Industrier, the Norwegian plastics, chemicals and explosives group in which Norsk Hydro recent ly acquied a controlling stake, re-ports turnover growth running ahead of profits in the first four months of 1985.

Gross operating income reached NKr 1.04bn - 15 per cent up on the same period a year earlier - while pre-tax profits rose by only 6.9 per cent to NKr 62m. Dyno expects a full-year profit slightly better than in 1984, when it made n surplus of NKr 180m before extraordinary

at least 10 per cent of their assets entrusted to a failed financial institution, a committee examining the financial problems of Canada Deposit Insurance Corp (CDIC) has

The committee's report was released as CDIC, a government agency, revealed that its deficit had almost doubled in the past year to C\$1.3bm (\$1bm), which is within C\$200m of the limit on CDIC borrowings from the federal Govern-

The committee, headed by Mr Robert Wyman, chairman of the Vancouver securities firm Pemberton Houston Willoughby, was set up earlier this year in response to mounting controversy on the role played by CDIC in recent failures and near-failures of financial insti-

Although the agency is legally bound to cover only deposits up to C\$60,000, the Government has in

sion pushed CDIC into the first loss of its 18-year existence in 1983.

In addition, banks have complained strongly that while they are by far the largest contributors to CDIC resources, the bulk of the agency's funds have been used to help depositors in trust companies. Several failures have become the subject of police investigations.

The Wyman committee argued that transferring some risk to depositors will make them more selective in their choice of financial institutions. When depositors have no risk, "they will obviously favour those institutions that pay higher rates," the committee said:

It has also proposed that CDIC premiums, levied on member insti-tutions, should be raised from onethirtieth of 1 per cent of deposits to one-tenth of 1 per cent. CDIC should have wider powers, including the ability to take over an institution "carrying on unsound busi-

U.S. bodies agree on approach to securities

Board and Treasury Department have agreed a joint approach to reg-

Under proposals drafted jointly by the three bodies, the Treasury in consultation with the Fed would be empowered to adopt rules bringing n measure of regulation to the market, which consists to a large extent of small undercapitalised securities

The agencies agreed that if Con-gress determined legislation to reg-ulate the market was necessary, all

THE U.S. Securities and Exchange agency, according to details of the Commission, Federal Reserve agreement announced at an open

hearing of the SEC yesterday. While the agencies differ on some ulation of the government securi-ties market in the wake of the col-lapse earlier this year of ESM Gov-authority to set capital requireernment Securities, which led to ments and require regular exami-widespread upheaval in U.S. finan-nations of dealers. The Treasury would also be authorised to set rec-ord keeping and collateralisation requirements for dealers.

The SEC would have the authority to bar those dealers who violate

Mr John Shad, SEC chairman, will present the proposals tomor-row to the House of Representatives energy and commerce sub-committee, which is considering legislation on the sector following the collapse of ESM, which led to currently unregistered dealers the closing of some 70 Ohio thrift the fourth quarter and \$200m for should be registered with a Federal institutions in March.

Cummins Engine to sack 2,200

CUMMINS ENGINE, the leading U.S. manufacturer of diesel engines for heavy duty trucks, is to cut 2,200 jobs over the next few weeks be-cause of a rapid reduction of de-mand for engines from North American vehiclemakers.

The company also blamed falling demand for service parts for the cuts, which will affect all levels of staff. The announcement is the first major indication of the downturn in the U.S. truck industry. Commins said its major customers had said they were reducing build rates

The company said the costs of the cuts would be included in results for the second quarter, when it expects operating profits to be below firstquarter levels. A substantial further erosion of operating profits is ex-

pecied in the third quarter.
In the first quarter of 1985, Cummins reported net profits of \$29.3m or \$3.08 a share, against \$38.4m or \$4.03 a year earlier, on virtually un-changed sales of \$573.2m.

IBM steps up pressure

By Our Financial Staff

IBM, the world's largest computer maker, yesterday increased the pressure on its rivals with a raft of price cuts and new product an-

The company intoduced the Sys-tem/36 PC, which combines a new "entry-level" System/36 mainframe and a directly-attached personal computer, It also announced three new personal computer AT versions of 3270-PC workstations, a host graphics display, two low-cost termi-nals and three devices for transmitting computer data over telephone

Meanwhile, it reduced the price of its 4381 mainframe by 6 to 8 per cent and its intermediate 4361 model by up to 6 per cent. Prices for ser-veral small system displays and printer were cut by 7 to 20 per cent. IBM said the price cuts were the result of normal business reviews.

Heinz expects 9% upturn

H.J. HEINZ, the U.S. food process-ing group, expects to report a 9 per cent profit gain in the fourth quar-ter and n 12 per cent rise for all the fiscal year ended May 1, said Mr Anthony O'Reilly, president and chief executive officer, Dow Jones reports from Pittsburgh.

For the fourth quarter, Heinz would report earnings of about \$68m, or \$1 n share, compared with \$62.9m, or 91 cents, n year ago, Mr O'Reilly said. The latest quarter in-cludes an expected \$5m to \$6m extraordinary gain from n debt swap.

For the year, Heinz will report earnings of about \$255m, or \$3.94, compared with fiscal 1984 earnings of \$237.5m, or \$3.40.

Foreign currency translations and the effect of the strong dollar reduced sales by more than \$60m in

INTERNATIONAL BONDS

Belgium leads \$650m rush of floaters

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

A FURTHER rush of floating rate notes hit the Eurobond market yes-terday, including a \$400m deal for Belgium and a \$250m issue for Banque Nationale de Paris.

Belgium's issue, which had been expected since the end of last week, once again employs the mismatch formula whereby the coupon is fixed monthly but interest is paid only every six months. When the yield curve is steep,

this formula allows investors extra profits by funding their holding with cheap one-month money. But there is currently little difference between the one-month and sixmooth rates and Belgium's issue met only limited demand, like a similar deal for Hydro Quebec launched last week.

Led by Morgan Guaranty, the 20year issue pays Interest at the higher of the six-month bid rate for Eurodollar deposits in London (Libid) or the one month offered rate (Libor). The structure offers protection against the yield curve actually

turniog negative. By contrast, investors again flocked to buy s floating rate note with a maximum coupon when Banque Nationale de Paris launched its 12-year deal, alongside

Previous 102.802

Salomon Brothers, CSFB and Leh-man Brothers. Here the high % per cent margin over three-month Libid was the main nitraction, outweighing the 13 per cent maximum coupon which enables the proceeds to be swapped

into floating rate funds well below

A similar structure was built into a smaller \$75m, 12-year issue brought to the market yesterday afternoon by Salomon Brothers for Swedbank. This deal also bears a maximum coupon of 13 per cent and a margin of % per cent over three-month Libid.

Trading in fixed rate bonds was quiet ahead of tomorrow's U.S GNP estimate, but there is evidence of selective investor interest in issues from high-quality names. Procter & Gamble met a warm reception for a \$150m, 10-year, 10 per cent issue through Goldman Sachs, Morgan Guaranty and Salomoo Brothers.

zero coupon collateralised against U.S. government and mortgage se-curities. The deal, led by Kidder Peabody, Daiwa, Merrill Lynch and Nomura, is priced at 35.15 per cent, giving a redemption yield of 11.10 per cent excluding the 2 per cent

Viacom, the U.S. communications and entertainment concern, inunched a \$50m, 15-year convertible issue through Credit Suisse First Boston alongside Donaldson Lufkin & Jenrette, Indicated conpon is 7 to 7½ per cent and conversion premium 15 to 18 per cent.

In other currency sectors the World Bank is raising SwFr 600m placement split equally into a five, more than two weeks. six and seven-year maturity. Coupons are 5% per cent, 5% per cent and 5% per cent respectively and Suisse is overall co-ordinator but Peugeot each tranche will be managed A REPORT in yesterday's FT on

Yesterday also saw the launch of the first Swiss franc private placements to be led by Japanese banks,

Elsewhere, Florida Federal Sav-ings and Loan launched a \$160m, whose own banks cannot lead issues in Tokyo. The deals included a SWFr 10m private placement for MK Seiko led by LTCB (Schweiz) and a SWFr 20m deal for Suzuyo & Co led by IBJ (Switzerland).

Fiat meanwhile launched an Ecu 55.5m, 4% year issue with a coupon of 8% per cent and issue price par led by Mitsubishi Finance International Proceeds are to be swapped into floating rate dollars "subtan-tially below Libid."

The Ontario municipality of Hamilton-Wentworth reopened the Canadian dollar market with a C\$25m, 10% per cent issue led at 99% per cent by Wood Gundy. This is its first Euromarket issue, and through a three-tranche private the first Canadian dollar issue for

separately by one of the big three Peugeot's \$300m loan facility
Swiss banks. wrongly described the company as

U.S. AIRLINE TURNS INTO TRAVEL GIANT WITH PURCHASE OF HERTZ

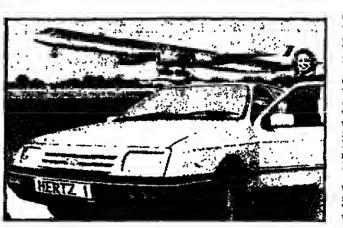
UAL's drive into the future

BY PAUL TAYLOR IN NEW YORK

UNITED Airlines (UAL), the biggest U.S. airline, lures customers with cut price tickets and an invitation to "fly the friendly skies." Now UAL is going one better by acquiring Hertz, the world's number one car rental agency, for \$587.5m in a move that will turn the airline into an even more formidable travel Goliath.

The Hertz transaction will mean UAL, which already owns the rapid-ly expanding 54-hotel Westin chain, will be the only major U.S. air carri-er to be able to package together a whole travel trip including car hire, air travel and hotels. In the fiercely competitive post-deregulation U.S. air travel market this ability could prove a knock-out punch for some of UAL's weaker competitors.

Mr Richard Ferris, UAL's chairman and chief executive, called the deal a "natural fit," that would be "an extension of our leadership in the airline and hotel industries." He noted that 80 per cent of all U.S. car rentals come in conjunction with air travel and that the combination with Hertz, which has around 35 per cent of the U.S. car hire market, would enable the group to provide n full service, "from reservations to check-in to baggage handling."



The deal, apparently under nego-tiation for nine months, was announced jointly by UAL, and Hertz' parent RCA, the U.S. television, entertainment and high-technol group. It further signals UAL's bold confidence in its own future coming just days after the airline settled a costly 29-day pilots' strike and a month after United agreed to acquire Pan American World Air-

Hertz, which operates a fleet of nearly 400,000 cars and trucks in nary items, on revenues of \$6.97bn, more than 120 countries worldwide, is expected to use part of its \$1.1bn has been a successful competitor in the cut-throat U.S. car hire market fund the deal. Recently United and earned \$50m on revenues of moved to bolster its resources \$1.44bn last year.

ness strategy selling its CIT finan- employee pension fund.

cial services group to Manufactur-ers Hanover for \$1.5bn last year and refocusing on the communications, entertainment and electronics markets.

For New York-based RCA the leal will therefore complete a further phase in this strategy. Wall Street views the proposed deal as very positive for both UAL, which will run Hertz as n separate subsid-iary under the leadership of Mr Frank Olson, the car hire company's 53-year old chairman, and

Before the deal is completed it will come under federal anti-trust scrutiny. But in the current liberal Washington anti-trust environment Wall Street does not expect this to

prove a major hurdle. UAL, which reported n \$260.9m profit last year, before extraordithrough plans to sell ownership Nevertheless, the car hire group rights in certain Westin hotels - a has been on-and-off the auction move that may raise as much as move that may raise as much as block for the past three years as \$2bn - and to free-up almost 51bn in RCA has readjusted its own busi- excess assets from its over-funded

Flick to retain 15% of Krauss-Maffei

BY RUPERT CORNWELL IN BONN

THE FLICK industrial group of being scrutinised by the federal car-west Germany would retain a 15 tel office in Berlin, Buderus, the per cent staka in Krauss-Maffei un-West Germany would retain a 15 per cent staka in Kranss-Maffei under its latest plan for the sale of the arms and engineering company.
Herr Wolfgang Laaf, the member

of the supervisory board who has been handling the complex and protracted negotiations for the transfer of control of Krauss-Maffei to a consortium of banks and industrialists, gave details of the plan to the arms manufacturer's annual meeting

Under the scheme, which is now

terest, would see its stake in Krauss-Maffei drop from the current 96.4 per cent to 15 per cent. The chief new shareholders would be the Bayarian regional fi-

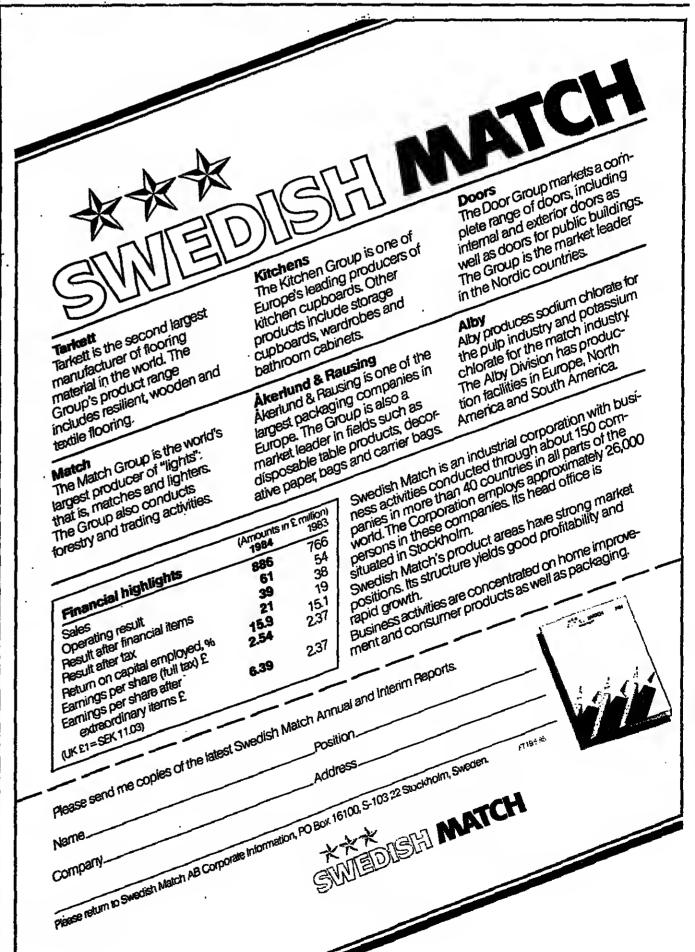
nance agency, Landesanstalt für Aufbaufinanzierung (LfA) with 24.45 per cent, as well as three banks - Dresdner Bank, Deutsche Bank and Bayerische Vereinsbank with 10.9 per cent, 10.1 per cent and 10 per cent respectively.

most closely watched - hit holding this might engender. of 24.95 per ceot would be made over to Raketen Technik, a comparemberg-based arms group and Messerschmitt Bölkow-Blohm (MBB), the aerospace and armaments group.

ously been very wary of allowing per cent stake, was valued at DM MBB to obtain anything close to 170m (\$55m).

Apart from a residual 3.6 per cent straight cootrol of Krauss-Maffel which would remain in the bands of for fear of the near-monopoly in small shareholders, the final – and West German arms production that

For that reason earlier efforts by ny jointly owned by Diehl, the Nu- MBB to gain first a financial major-remberg-based arms group and ity in Krauss-Maffei, and subsequently disguised management control, have come to nothing. No details of the value of the consor-The cartel authorities have previ-an earlier bid, for Buderus's full 96



INTERNATIONAL COMPANIES and FINANCE

Morron Lynco 12" - 89 Minnessota 11% - 87 Minnessota 11% - 96 Montagu 13" - 81 Morgan Gauerath 12% - 89 Mippon Cred Sk 13% - 89 Nitz Annerica 12% - 91 Promey J.C. 12% - 91 Pro Realty secs 12% - 95 Cheshot Michael 11% - 92

STRAIGHTS
Asian Dev Bank 8 94
Austria Republic 74 94
Baxter Trevenol 714 94
Crock National 819 94
Degussa Int Fin 712 94

SWISS FRANCIS
STRANGINIS
African Dev Bark 5° 94
Askan Dev Bark 5° 94
Asvan Cap Cap 5° 94
- Sirk kand Comp 6° 89
- Craditionals, 5° 94
Deutsche Bit Fin 5° 95
ELIE, 6° 94
Eurofinea 5° 95
Eurofinea 5° 95
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Eurofinea 5° 96
Eurofinea 5° 96

anort Dev Corp 5" 92

Export Day Corp 3rd 94
Gen Occidentals 4/2 94
I C lockestres 5% 84
Ind Fand Fin 5% 84
Ind Fand Fin 5% 94
New Zoaland Govt 5% 94
NZoaland steel 5% 95
Charge Kind Fin 55

N.Zestand steel 5*4 95
Oberos (Newt 5*8 95
Ost Donastraft 5*8 95
Beleton Purios 5*8 94
Sentey Financo Lud 6 94
Tokyo Blec Per 5*7 93
Tokyo Metropolis 5*4 94
World Sk 5*8 94
Anwence pric

YEN STRAGEITS Austria Republic 7 95

NEW ISSUE



EUROPEAN ECONOMIC COMMUNITY

ECU 50,000,000

9 1/4 per cent. Bonds-Series A (1985)

Lead-Arranged by

The Bank of Tokyo, Ltd.

Daiwa Securities Co. Ltd.

Co-Arranged by

The Dai-Ichi Kangyo Bank, Limited

The Industrial Bank of Japan, Limited

The Long-Term Credit Baok of Japan, Limited The Mitsubishi Trust and Banking Corporation

The Nomnra Securities Co., Ltd.

The Sumitamo Trust and Banking Company, Limited

· Bonds Purchased by

Post Office Life Insurance Bureau, Ministry of Posts and Telecom

Nippon Life Insurance Company

The Bank of Tokyo, Ltd.

The Industrial Bank of Japan, Limited

The Mitsubishi Trust and Banking Corporation

The Chiyoda Mutual Life Insurance Company

The Meiji Mutual Life Insurance Company

June 1985

The Chuo Trust and Banking Company, Limited

The Mitsul Trust and Banking Company, Limited

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The Long-Term Credit Bank of Japan, Limited

The Daiwa Bank, Limited

The Talyo Mutual Life Insurance Company Daihyaku Mutual Life Insurance Compay

Nippon Dantai Life Insurance Co., Ltd.

Recording and Paying Agent

The Bank of Tokyo, Ltd.

NOTICE OF REDEMPTION

PRIVATBANKEN AKTIESELSKAB

Notice to the Note Holders of 121% due 6th February, 1995

Notice is hereby given that pursuant to the terms of the 121% Notes, USS29,020,000 principal amount of 123% Notes has been drawn by lot by the undersigned for redemption on the 19th July, 1985.

The said 121% Notes so called for redemption will therefore be redeemed on the 19th day of July, 1985, at 101% of the principal amount so called, plus accrued and unpuld interest to the date of redemption if applicable upon surrender of the said Notes with, thereto attached, all ioterest coupons, maturing 6th February, 1986, and thereafter at any of the following paying agents:-

- Manufacturers Hanover Limited, 7, Princes Street, London EC2P 2EN.
- Manufacturers Hanover Bank Belgium S.A./N.V., Brussels Head Office, Rue de Ligne 13, B-1000 Brussels. Manufacturers Hanover Bank Luxembourg, S.A., 39 Boulevard Prince Henri,

- Manufacturers Hanover Trust Company, Stockerstrasse 33, 8027 Zurich. Notice is also bereby given that interest upon Notes so called for redemption shall cease to be payable from and after the said redemption date, namely the 19th day of July, 1985, and coupons for interest maturing after the said date, namely the 19th day of July, 1985, shall be void.

The designating letter and numbers of the Notes so called for redemption are:

15189 16660 18702 19100

Also, all Notes of which the last two digits of serial numbers are any of the following:

The principal amount of 121% Notes outstanding after the said redemption date will be US\$70,980,000.

Levi Strauss profits increase five-fold

BY OUR FINANCIAL'STAFF

LEVI STRAUSS, the world's lead- from \$859.8m to \$815.7m in the secing jeans manufacturer, has extended its profits recovery, with a five-fold increase in net earnings for the second quarter ended May

Profits jumped from \$6.3m or 17 ents a share to \$32m or 86 cents. Mr Robert Hass, president, said the results reflected "the benefit of a ower effective tax rate, last year's cost reduction initiative, the coninning strength of our men's jeans sales and the streamlining of our

Last year's second-quarter reeflect a \$24.5m after-tax charge for plant closures and other ss consolidation costs, as well as an effective tax rate of 75.5 per cent. The tax rate in the latest

arter was 45.4 per cent. For the first six months net profits were up from \$17.2m or 43 cents share to \$45.6m or \$1.23. Sales, however, were down, from \$1,19bn to \$1,13bn for the six months and

ond quarter.

which hit demand for traditional denim. In the latest quarter, U.S. per cent from a year ago to \$344.5m. Mr Haas said the improvement in the sales of Levi's 501 jeans for all was offset primarily by a decline in

uation of several product lines. Elsewhere, Battery Street Enter-prises, which sells diversified clothing products in the U.S., lifted sales by 5 per cent to \$127.8m, while Levi Strauss international sales were down 18 per cent to \$142.6m.

The company said it expected second-half earnings to show significant improvement from the \$24.1m in the comparable period last year. Mr Haas said strong back-to-school

First Union agrees to buy Atlantic Bancorp

BY PAUL TAYLOR IN NEW YORK

South Carolina, banking group, is to equire Atlantic Bancorp of Jacknville, Florida, in an agreed interstate share-swap merger valued at \$496m, as reported in brief yes-

The planned First Union acquisi-tion was announced in the wake of ast week's Supreme Court ruling which cleared the way for new alliinces to be formed under the protective umbrella of regional inter-

state banking pacts.

For First Union, the proposed acquisition is its second planned exension across state lines. The

FIRST UNION, the Charlotte, of U.S. banks, has already agreed to acquire Northwestern Financial, e Greensboro, North Carolina-based group with \$2.9bn in assets. The planned new South Carolina

North Carolina/Florida banking conglomerate will have combined ets of \$14.4bn and rank among the 30 largest U.S. banking groups.

Under the terms of the latest deal, Atlantic Bancorp shareholders will receive 1.05 shares in First Union common stock for each share they own. The agreement also pro-vides for First Union to acquire up to 3.5m Atlantic Bancorp shares un-Charlotte group, which currently der certain conditions – a move has around \$7.9bn in assets, rank-which appears designed to shut outing it about 45th in the league table rival bids.

Coca-Cola acquires two TV companies

COCA-COLA, the U.S. soft drink and \$150m depending on the size of and entertainment group, has agreed to pay \$485m in cash and stock for Embassy Communications and Tandem Productions, two primary and Tandem Productions, two primary and the company of the sale of receivables, Coca-Cola's net investment in the company of the production. vately held television programme the two companies will be reduced production companies. the two companies will be reduced to about \$130m.

The agreed bid represents a further major expansion into the en-tertainment industry by Coca-Cola, which already owns Columbia Pic-or part of Embassy's home video optures and a third of Tri-Star Pic-

The Atlanta-based group said it would pay about \$194m, or 40 per cent of the total purchase price, in cash for Tandem and the balance in stock for Embassy.

Coca-Cola said the purchase price will be reduced by between \$100m rent network series.

erations after the deal is completed. Columbia Pictures already has joint venture home video operations with RCA.

The company said it does not

Embassy and Tandem are owned by Mr Norman Lear and Mr Jerry Perenchio and have built up extensive libraries of television programming, including a number of curFT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for June 18.

9076 9038 + 614 + 646 7264 9614 100 + 614 + 654 621 9638 10816 6 + 612 565

OTHER STRAIGHTS
Bell Careda 12¹⁴ 87 CS
British Columbia 12 80 CS
Can Nat Pail 12¹⁵ 85 CS
Chrysler Gred 12¹⁶ 82 CS
Desjurdine 12¹⁶ 95 CS
ELE. 12 95 CS
False Representat 11¹⁶ 95 CS

Finaling Nate Moters: Describerated in delibra unless etherwise indicated. Co-pus shows is minimum. C. data — Date next compon becomes effective. Sprint — Morgan shows streamth offered rate (17 three mores: 5 above need rate for U.S. delibra. C.com. — current coupus. Co. yid. — current yield.

Convertible beads. Denominated in dollars traines otherwise indicated. Day, day
— Change on day. Care, date — First date for conversion into shares. Calc. price
— iteratinal amount of bond per abone acqueezed in barriers; of share at conversion rest fined at issue. Plant — Personating prevaiding of the period affective price of acquiring abones who the bond over the most recent price of the

O The Financial Times Ltd., 1985. Reproduction to whole or in part in my linter net paralited velbout regime consent. Data supplied by DATASTREAM long-

Ahold to buy Van Kok-Ede

AMSTERDAM - Ahold, the Dutch grocery chain, has signed a letter of intent to acquire the share capital of Van Kok-Ede, e leading Dutch supplier of foods and other prod-

ucts, for an undisclosed sum.
Ahold said yesterday that on completion of the deal, its share of the institutional supply market would rise from 5 per cent to about

Ahold already operates in the Dutch institutional supply market through its Albert Heijn Grootverbruik subsidiary. Executives de-clined to disclose the annual turnover or profit of Van Kok, but de-scribed the company as "e market leader."



Korea Exchange Bank £50,000,000

Floating Rate Notes due 1995

In accordance with the provisions of the above Notes, notice is hereby given that for the three months from 14th June 1985 to 16th September 1985 the Notes will carry an interest rate of 12 \(^1a^2\) per aritum.

The microst papable on each £5,000,00 and £50,000,00 Note on the relevant interest payment dare, 16th September 1985, against Coupon I will be £164.18 and £1,641.78 respectively. Agenz Bank

Lloyds Bank International



BANK FUR ARBEIT UND WIRTSCHAFT A.F. (incorporated with limited liability in Austria)

US\$75,000,000 Subordinated Floating Rate Notes due 1999 in accordance with the terms and conditions of the above-mentioned Notes notice is hereby given that the Rate of interest has been fixed at 9% per annum and that the interest payable on the relevant interest Payment Date, December 19, 1985, against Coupon No. 2 in respect of US\$10,000 nominal of the Notes, will be US\$406.67. June 19, 1985. London. By: Ciribank, N.A. (CSSI Dept.), Agent Bank CITIBANCO



June 19, 1985

Red Nacional de los Ferrocarriles Españoles

SDR 50,000,000

Guaranteed Floating Rate Notes due 1989

Irrevocably and unconditionally Guaranteed by The Kingdom of Spain

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period commencing on June 20, 1985 the Notes will bear interest at the rate of 83/16% per annum. The interest payable on the Interest Payment Date, December 20, 1985 against Coupon No. 8 will be SDR 4161.9792. The USS/SDR rate which will determine the USS amount payable in respect of Coupon No. 8 will be fixed together with the Interest Rate for the period commencing December 20, 1985, on December 18, 1985.

Fiscal Agent

ORION ROYAL BANK LIMITED Amember 917hs Roys! Bank of Canada Group

Standard & Chartered

Standard Chartered PLC (Incorporated with limited Labilay in England)

£300,000,000 **Undated Primary Capital Floating Rate Notes** of which £150,000,000 are being issued as the Initial Tranche.

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the linee months period (92 days) from 18th June, 1985 to 18th September, 1985, the Notes will carry an Interest Rate of 1246 per cent, per annum. The interest payment date will be 18th September, 1985, Coupon No. 1 will therefore be payable on 18th September, 1985 at £1,591,10 per coupon from Notes of \pm 50,000 nominal and £159,11 per coupon from Notes of £5,000 nominal.



J. Henry Schroder Wagg & Co. Limited
Agent Bank Agent Bank

US\$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE SEPTEMBEE 1996 Citicorp Overseas Finance

> Corporation N.V. rated with limited liability in the Netherlands Actilles) Unconditionally guaranteed by CITICORPO

Notice is hereby given that the Rate of Interest has been fixed at 711/16% and that the interest payable on the relevant Interest Payment Date, September 19, 1985, against Caupon No. 4 in respect of US\$50,000 nominal of the Notes will be US\$982.29 and in respect of US\$10,000 nominal of the Notes will be US\$196.46.

CITIBANCO

June 19, 1985, London By: Citbonk, N.A. (CSSI Dept.), Agent Bank

MARINE MIDLAND BANK N.A.

U.S.\$125,000,000 Floating Rate **Subordinated Capital Notes** Due 1996

For the three months 19th June, 1985 to 19th September, 1985 the notes will carry an interest rate of 714% per annum with a coupon amount of U.S.\$198.06 per U.S.\$10,000 note and U.S.\$990.28 per U.S.\$50,000 note. The relevant interest payment date will be 19th September, 1985.

Listed on the London Stock Exchange By Benkers Trust Company, Agent Bank

Midland Bank pic U.S. \$750,000,000

Undated Floating Rate Primary Capital Notes For the six months from 19th June, 1985 to 19th Occumber, 1985 the Notes will carry an interest rate of 81/4% per annum. On 19th December, 1985 interest of U.S. \$413-02 will be due per U.S. \$10,000 Note for Coupon No 1.

Agent Bank: European Banking Company Limited

IRELAND U.S. \$50,000,000 Floating Rate Notes

in accordance with the provisions of the Notes, notice is hereby given that the Rate of interest for the next six months 19th lune, 1985 to 19th December, 1985 has been fixed at 8% per cent per annum. The Coupon Amount payable on Coupon No. 10 will be US\$4,130-21.

THE SUMITOMO BANK, LIMITED

REPUBLIC NEW YORK CORPORATION US\$150,000,000 Floating Rate Subordinated Capital Notes due 2009.

Notice is hereby given that in respect of the Interest Period from June 19 to September 19, 1985 the Notes will parry an interest rate of 73/4% per annum. The coupon amount payable on September 19, 1985 will be US\$198.06 per US\$10,000 Note.-

June 19, 1985 The Chase Menhettan Bank, N.A. London, Agent Bank

NOTICE OF RATE OF INTEREST NBE FINANCE (CAYMAN) LIMITED

US\$40,000,000 GTD FLOATING RATE SERIAL NOTES DUE 1987 In accordance with the secretions of the Reference Agency Agressiant behavior NSE France (Coymon) Ltd, and Cabanic NA. death June 13, 1762, actors in hereby given incides Role of Interest per 1558,000 Once for hereby given fact for Royotic on the referency learned Payased Delin December 19, 1985 ogened Coupen No. 7 village USS245,44 and has been companied as the actor of the referency for the Coupen No. 7 village (Cabana) No. 7 vill

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INTL. COMPANIES & FINANCE

MAS proposals anger brokers

SINGAPORE stockbrokers are exchange's executive committee, reform of the capital market, the heavy hand of regulation angered by legislative proposals. The idea has provoked a including the stock market, now being suggested. But it is the prospect that the prospect may be in the prospect may be in

singapore (MAS). the Government's powerful regulatory agency for the island state's banks.

The proposals, framed by the MAS and Attorney General's office, are still in draft form. Details remain scanty, but they include the idea of MAS economic committee, by the Government's powerful regulatory agency for the island state's banks.

The proposals, framed by the MAS and Attorney General's office, are still in draft form. Details remain scanty, but they include the idea of MAS economic committee, set up by the cxchange members, which would

This holds out the prospect of deregulation and wider membership of the Singapore Stock Exchange, perhaps including foreign participation. Dr Richard Hu, the Finance Minister, bas already spoken out in support of an unlisted securities market and the listing of foreign companies.

The MAS proposals, which coincide with persistent weakexchange members, which would entail the appointment of a mine Singapore's future direction, is expected to discuss the authorities may yet lighten

of direct regulation will be jettlsoned.

us. Tarihan basasa kan da sebesar aya ke bila sa wana tan ili basasa a basa aya tang tang atau aya sa sa sa sa sa s

Any new legislation would amend or replace the existing Securities Industry Act of 1973, which regulates the Singapore securities industry. The SIC established under the Act administers the Takeover Code and advises the exchange on listings. The stock exchange is otherwise broadly self-regulat-

Negara urges interest rate cuts

BANK NEGARA, the Malaysian central bank, is pressing commercial banks and other financial institutions to lower their interest rates to stimulate the economy and to instil business confidence.

In meetings with representatives of commercial banks, merchant banks and finance companies over the past two days, Datuk Jaffar Hussein, the newly appointed central bank governar, also expressed concern over the current low morale within the banking community.

The meetings are held against the background of growing unease about the bealth of tho Malaysian banking system, which sparked off rumours that caused a run at two branches of Public Bank on Monday.

caused a run at two branches composition of Public Bank on Monday.

Datuk Jaffar told the bankers

compared with the cost of funds, which is around 11 to 12 per

to Public Bank following Mon-day's stream of withdrawals at its two branches in Ipoh City. Bankers said the run had ironically highlighted the relatively strong liquidity posi-tion of Public Bank, which revealed yesterday that It bas placed M\$1.7bn in the interbank money market. They said Public Bank may even have breached the maximum liquidity ratio

Bank may even have breached the maximum liquidity ratio stipulated by Bank Negara.

Tan Sri Basir Ismail, chairman of the Association of Banks and bead of Bank Bumiputra, reiterated the Government's assurance that Malaysian banks are financially sound, and that the Public had over-reacted to rumours.

rumours.

He said the association would "in full support" for any of its members if it was Meanwhile, calm has returned

HK bank profits decline 92.5%

BY OUR FINANCIAL STAFF

UNION BANK of Hong Kong, substantial foreign exchange the two banks was made no none of the territory's medium-losses might have been incurred commercial considerations, and sized banks, yesterday reported in Sonth-East Asia, with some that the governments of Hong UNION BANK of Hong Kong, substantial foreign exchange nne of the territory's mediumsized banks, yesterday reported a 92.5 per cent slide in 1984 in Sonth-East Asia, with some a 92.5 per cent slide in 1984 in Sonth-East Asia, with some uncounts which were qualified by Coopers & Lybrand, its auditors.

The reason for the qualification was not made clear, but the earnings result—which compared with HK\$35.7m for 1983.

pared with HK\$37.7m for 1983 adjustments. The figures also this week to Ka Wah Bank, came two months later than normal.

Mr David Akers Jones, territory's Chief Secretary.

pressure following the rescue earlier this month of Overseas was struck after unspecified Trust Bank (OTB) and the provisions and inner reserve support credit line extended

came two months later than normal.

On a per share basis, net earnings were 2.8 cents against 38 cents. The final dividend is being omitted, leaving the total payout for the year at 12 cents compared with 50 cents.

Local analysts believe that this week to Ka Wah Bank.

Mr David Akers-Jones, the total territory's Chief Secretary, contained yesterday that Ka Wah had been suffering liquidity from the half-year. In Brunel, problems before the credit line set up on Monday by Hongkong and Shaanghat Bank with the Bank of China.

He added that the decision by

Kong and China were not involved. "It is quite natural that large banks should belp

Meanwhile, knock-on effects of the OTB failure continued to make themselves felt. Apart from the fitters being experienced in Malaysia, United Overseas Bank of Singapore amounced that it would write off its \$\$13.8m (U\$\$8.2m) stake in OTB. The charge will be taken against its earnings for

the half-year. In Brunel, United National Finance issued proposals for repaying depositors over three years following a run of with-drawals which forced it to close a week ago.

Restructuring for Malaysian Rothmans

JAPANESE RESULTS

Half-year to Apr '85 Apr '8

17,598 16,181 22,21 15,42 10,11 8,87 10,26 8,00

FLUI PHOTO FILM PHOTOGRAPHIC PRODUCTS

MITSUI AND CO.

ROTHMANS of Pall Mallysia (RPMM), the 50 per cent
subsidiary of Rothmans International of the UK, plans a restructuring under which the
present Malay equity bolding
of 4 per cent is to be raised to
30 per cent by 1988.

This would satisfy the
objective for Malay equity
under the Government's new

This would satisfy the
objective for Malay equity
under the Government's new

This plan bas been
agreed by the Malaysian Trade
and Industry Ministry.

RPMM, with a market capl-

talisation of some M\$450m (U.S.\$186m) was originally wholly owned by Rothmans International Half was sold to Malaysian and Singapore

nationals
For the year ended June
1984, RPMM increased net profit 60 per cent to M\$28.3m on turnover which rose 18 per cent

Earnings soar at Harrisons

HARRISONS Malaysian Plantations reports a near-doubling of pre-tax profits to M\$189.46m (US\$76.8m) in the year to March, up from M\$95.77bn, Our Financial Staff writes.

Financial State writes.

Higher commodity prices assisted a boost in turnover to M\$1.08bn from M\$582.5bn, and the dividend for the year will total 30 cents, up from an adjusted 22 cents. The figures for the first time include contributions from 10 UKtributions from 10 incorporated companies.

Sony ahead despite Betamax slip

By Yoko Shibata in Tokyo MARKET resistance to the Betamax video eassette recorder (VCR) format hampered the trading per-formance of Sony, the Japanese electronics group, in

Japanese electronies group, in the half-year to April.

Betamax sales were down 15 per cent in unit terms on the previous first half, a setback which was only partially offset by strong demand for its video recorders aimed at the professional washes.

the professional market.
Nonetheless, a strong contribution from sales in other product sectors enabled Sony and its group companies to report an 8.8 per cent rise in report an 8.8 per cent rise in net profits for the period to Y38.11bn (\$153.2m) against Y35.91bn, on turnover 11.8 per cent ahead at Y679.86bn compared with Y607.98bn.

Earnings per American depositary receipt were Y165, np from Y152.

On a parent company only basis, results also released yesterday showed pre-tax profits of Y46.75bn compared with Y44.19bn, and net earnings up to Y24.82bn frem Y20bn.

Launch costs for products such as 8mm VCRs and compact disc players—as well as foreign exchange losses amounting to Y2,4bm—were also responsible for the lack-

For the year as a whole, uncertain factors such as an economic slowdown in the

Oversens sales advanced oversel by 14.6 per cent to account far as much as 73 per cent of the total.

Chastened by the past experience of having relied heavily an a limited number of consumer products. Sony has been implementing a programme to lift its non-consumer product sales to half the total turnover by 1890, from the current 13.6 1990, from the current 13.6



our Balance sheet for 1984

comparative figures December 31, 1983

Balance sheet total DM 1,160.9 million **DM 1,153.2 million** Lending volume **Business volume**

DM 1,262.8 million Reserves and capital DM 66.4 million

13,322 11,794 57,51 60.86 33,23 26.28 49.86 45.87

DM 1,055.4 million DM 1,043.2 million

DM 1,142.8 million

DM 66.4 million

We will gladly send you our Annual Business Report on request

LHB Internationale Handelsbank Aktiengesellschaft

Goethestrasse 19, D-6000 Frankfurt am Main

Telephone: (069) 2106-0 Teletex: 2627 699788=LHBBANK

Telefax: (069) 2106-201 Telex: 0413 813 Telex Money Market Transactions: 0414 786



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10¾ per cent. Guaranteed Notes 1992

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LLOYDS BANK INTERNATIONAL LIMITED

MORGAN STANLEY INTERNATIONAL

Nomura International Limited

April 4, 1985

J. HENRY SCHRODER WAGG & CO. LIMITED

THE MITSUBISHI TRUST AND BANKING CORPORATION

GRINDLAY BRANDTS LIMITED

HILL SAMUEL & CO. LIMITED

lastre perfermance. U.S. and measures by China to control foreign imports made for a conservative foremane for a conservative fore-cast. Projected net profits are Y75bn, up 5 per cent, en full-year sales of Y1,400bn, up 10 per cent.

In the first half, sales of the video equipment sector were marginally above the previous year's level at Y258.65bm. Turnover in the TV sector surged 24.9 per cent, thanks to quadrupled export sales to China Sector Surged 14.9 per cent, thanks China. Sales in the audio equipment division improved by 22.5 per cent, helped by by 22.5 per cent, helped by brisk sales of compact disc (CD) players. During the half year the company lifted monthly production of CD players from 70,000 sets to 100,000 units, to meet an annual sales target of 30,000

sets.
Sales in the company's newly diversified range of nonconsumer products such as semiconductors, floppy discs and personal computers rose 10.2 per cent to account for 13.6 per cent of turnover.

per cent.

For the current year, capital outlay is being increased by a quarter to Y100ba.



Guaranteed Floating Rate Notes Due 1991 Guaranteed by

Société Financière Européenne - S.F.E. Luxembourg In accordance with the provisions of the Notes,

notice is hereby given that the rate of interest for the six months 19th June, 1985 to 19th December, 1985 has been fixed at 8% per cent per annum and that the coupon amount payable on coupon No. 3 on 19th December, 1985 will be U.S.\$413-02 per Note of U.S.\$10,000 and U.S.\$10,325-52 per Note of U.S.\$250,000.



The Sumitomo Bank, Limited (Interest Determination Agent)

U.S. \$20,000,000

Floating Rate Subordinated Bearer Participation Certificates 1990 ing entitlement to payment of principal and interest ou an advance made to

Den norske Creditbank (Luxembourg) S.A. repayment of which is guaranteed on a subordinated basis by Den norske Creditbank



In accordance with the provisions of the Certificates, notice is hereby given that for the three month Interest Period from 19th June, 1985 to 19th September, 1985 the Certificates will carry an Interest Rate of 7½% per annum. The interest amount payable on the relevant Interest Payment Date which will be 19th September, 1985 is U.S. \$20.13 for each Certificate of U.S. \$1,000.

Credit Suisse First Boston Limited Agent Bank



CRÉDIT D'ÉQUIPEMENT DES PETITES ET MOYENNES ENTREPRISES £35,000,000

11¼% Guaranteed Bonds 1995 (Convertible at holders' option into U.S. Dollar ominated Guaranteed Floating Rate Notes 1995)

For the period 17th June, 1985 to 17th December, 1985
the Floating Rate Notes will carry an interest rate of 81/16%
per annum and Coupon Amount of US\$63.53 per US\$1,550
Note payable on 17th December, 1985
By: Bankers Trust Company, London
Fiscal Agent

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10 million dollars. Our London office is ready to receive your inquiries. Please call us or return the coupon to receive our informative brochure "SIMPLIFIED TRADING." We look forward to hearing from you.

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INTL. COMPANIES & FINANCE

Fiat engine output will race ahead at high-tech Termoli plant

\$480,000,000 Leveraged Lease Financing of Twelve



This announcement appears as a matter of record only.

A300B4 Aircraft

leased to

A. I. Leasing II, Inc.

and subleased to



Pan American World Airways, Inc.

The undersigned acted as financial advisor to
A. I. Leasing II, Inc. and Airbus Industrie, as Guarantor,
and arranged the private placement of the debt
and equity portions of this financing.

Shearson Lehman Brothers Inc.



also go into some of Fiat's bestselling Uno models as well as
versious of the smaller Panda.
The project dates back to the
late summer of 1980 when Fiat
Auto and the Pengeot group of
France agreed to join forces in
the development of a new
medium class car engine to
meet the needs of the 1990s.
The objective was to eliminate

ine benef that modern motor industry production methods need more youthful people. The average age of the company's employees is 44. At Termoli 3 (the new engine assembly facility) the average is 37.

The Termoli project is along a The Termoli project is already meet the needs of the 1990s. The objective was to eliminate some machining operations, cut component weight, simplify assembly operations and reduce the number of components in the engine—not to produce a revolutionary power unit.

The original intentiou was for Flat and Peugeot to build mirror—image—production one moran aneau or schedula and producing 800 engines a day. By the end of this year the plant should be turning out one engine every 20 seconds of If demand rises as Fiat ex-

Gothenburg, +46 31 85 40 00. Telex 20642 skanska s.

The building state of the consiste membrane on the main dam in the Kolmaic Indirupower onlied. So Librar The desiring a 95 to engly creat length of 600 m. The Kolmain project was caused out by Stansia und completed to they was part, all was

y plant elmost is century ago. and almost then you have carried out (more than 200) is a

if demand rises as Flat expects, the facility will be working at full capacity by mid1987: 2,600 engines a day or
572,000 a year. To reach that
stage Fiat will have to spend
only a little more money and
take ou another 80 people.
Fiat claims that for the first mirror - image production facilities side by side in southern Italy. But first the Socialist government in France after its election insisted that Peugeot place its plant in France and later Peugeot decided to postpone production indefinitely

tima in automotive history a new factory has been designed hand in glove with the new engine it is producing.

The engine in question is Fiat's Fire 1000 (Fully Integrated Robotised Engine) which already is being fitted to a new baby car, the Y10, produced by Fiat's Lancia sub-

ANOTHER KEY element in

Tha bill for the project includes \$50m for development

the partners.
Instead, Fiat will add a fourcylinder, 850cc version to
Termoli 3 output which currently concentrates on the 990cc
engine. And the plant will also
produce a 1.3 litre version to
complete the "Fire family."
By mid-1987 Termoli 3 will
be producing roughly half
Fiat's car engine requirements

fiat's car engine requirements (the company's car output and sales world-wide reached just over 1.4m last year). It also makes engines in Brazil and at the Mirafori-plant in Turin (1.3 litre and 1.6 litre) and a 2-litre family, at a separate Turin facility. Diesel units are supplied from the Sofim plant at Fogia in southarn Italy. Fiat's car engine requirements

at Fogia in southarn Italy.
So Fiat has put a great many eggs in one basket with the Termoli 3 plant. But the indus-Peugeot's decision was more of a blow to Comau, the Fiat group's production system subsidiary which designed and equipped the Termoli 3 plant and would have done the same for the French company, rather trial unrest of the 1970s, which at times came near to anarchy, breaks even at 70 per cent of was still fresh in mind when capacity (whether that capacity plans for the project were is 2,100 a day as it is as at the drawn up. So Flat opted for moment or H lifted to 2,600 a heavy automation for tha new day) and that Termoli 3 should engine facility even though the pay for itself in eight to 10 cost of labour in southern Italy trial unrest of the 1970s, which

The Fire 1000 assembly line was developed from Comsu's experience with Mirafiori's LAM highly automated system which sembles the Ritmo/Strada 138 engine. But Termoli 3 is 90 per cent automated compared with LAM's 26 per cent and rubots are more widely used.

Termoli 3 has no fewer than vith 30 at Mirafiori; two manual points where the central com-puter has a "dialogue" with assembly-line computers instead 92 programable handlers.

Glentnigl

MRRISO

DELCTOR > 1

testing 45 to diagnosis and the to data control. There are 12 in the stores, seven on the assembly lina nine in the engine testing room and two dedicated to overall production

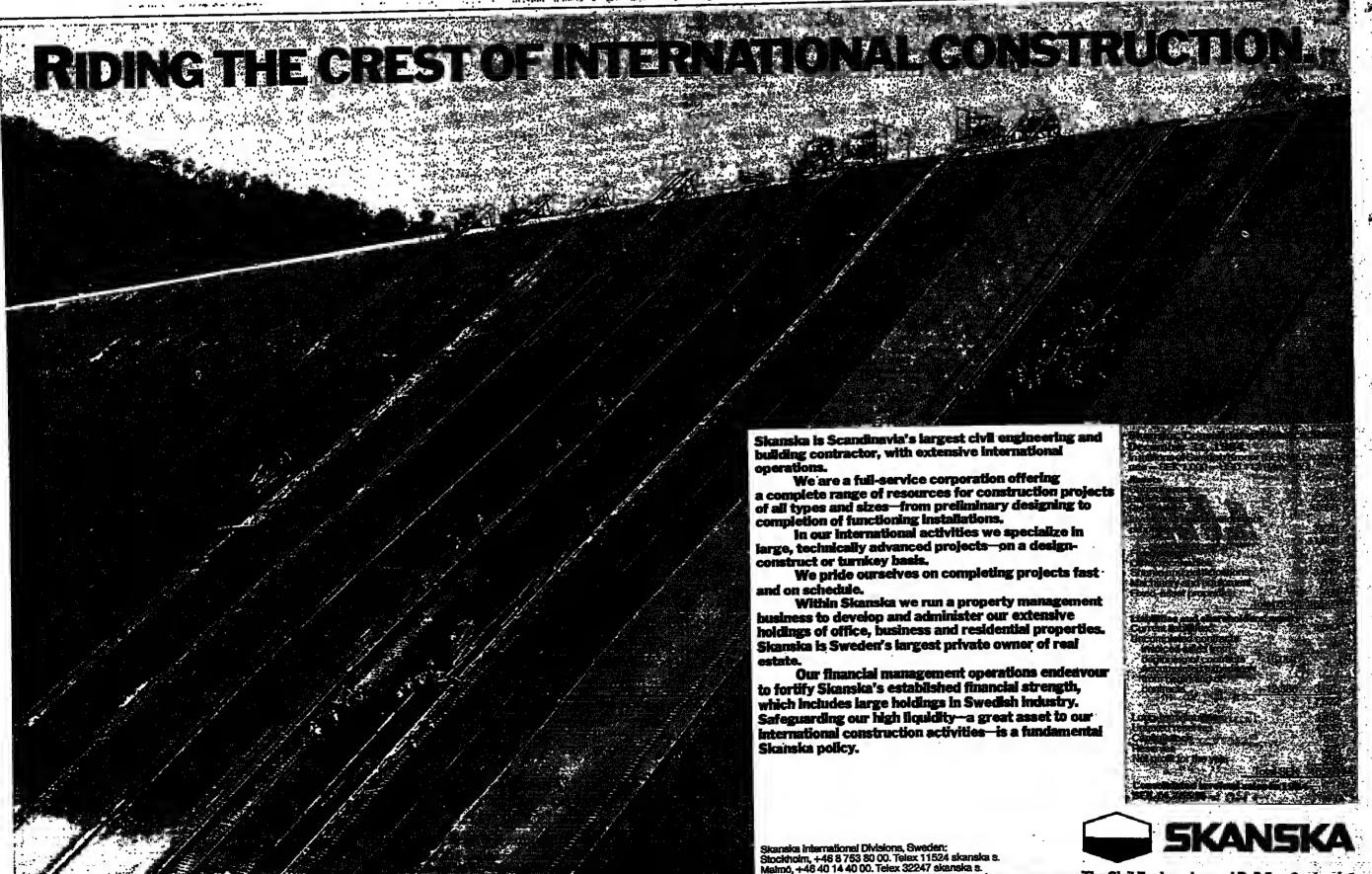
What this adds up to. Fiat, is that the plant controls itself with computers, runs checks on itself and submits its And it is all done autor

A major improvement in quality is the main benefit, as far as Fiat is concerned. But

It takes only 107.5 manutes to make a Fire 1000 engine, against 231.5 minutes for the 25-year-old, 903cc unit itsed in the Fiat 127 cars—less than half the time. Machining takes only 46.5 minutes instead of 114.4 of 117.1.

or 117.1.
Traditional production equipmant works for about 75 percent of the available time. The target at Termoil 3 is to achieve 90 per cent in the machining area 92 per cent in assembly. Flat knows this is possib

The Civil Engineering and Building Contractor



LOFs seeking further financial support

London and Overseas Freighters, the heavily loss-making UK tanker company, is now talking with its bankers about further financial help less than a year after receiving nearly 19m from a rights issue.

"Something has to be done," said Mr Minas Kulukundis, deputy managing director, after LOFs announced a loss of \$9.24m (£7.3m) for the year to March.

LOFs announced a loss of \$9.24m (£7.3m) for the year to March 31, 1985. "We have been actively talking on the possibility of a restructuring."

The attributable loss of \$9.24m after extraordinary items was lower than the previous year's \$16.4m, but the group has been unable to sell the London Enterprise, e 139.000 deadweight ton tanker, to cut its debts. At end-March, these were \$56.5m.

LOFs wanted to aeli the 11-year-old vessel for around \$9m, year-old vessel for around \$9m, crisis. but the market value bas fallen In t

hasis. This assumed adequate credit facilities would continue to be made available and did not

In the annual report it stated:

In that event, it edded, "the group will require a further accommodation from its bankers."
The board "continues to do its numest to ensure the survival of the group." Last night the shares stood at 14p, down 04p, having been suspended last July at 8p ahead of the rights issue. Mr Kuiukundis did not say

what direction the talks with the banks were taking. But with liquidity likely to run out in the financial year, "something has to be done before the end of 1985." The hanks hed been response, be added. LOFs' main banks are William & Glyn's and Bank of Nova

dollars at the end of last yearbefore interest charges of \$5.9m
(same) and net currency gains
of \$1.6m (\$28,000) on foan
repayments. The final loss per
share was \$1. cents (27.5 cents).
Mr Derek Kimber, the chairman, said in the annual report
that the world shipping scene
remained bleak. Tankers of the
size owned by LOFs would be
among tha first to benefit from
e market upturn, but new ships
were still being delivered to add
to the tonnage surplus.

Scotla, with Bankers Trust also involved through its financing of the Overseas Argonaut tanker, in which the company bought tha outstanding helf-interest two years ago. Underwriting for the rights issue was arranged by Hill Screwalth. The company's actual loss on trading was \$4.5m against \$8.7m—it began accounting in dollars at the end of last year—

"We're not too despondent ebout tha market," commented Mr Kulukundis. "The critical factor is the fall in vessel values. The industry as a whole is in a very depressed state."

The industry as a whole is in a very depressed state."

The rights issue, be said, "was based on the bope that values would increase, but they've very much done the opposite." Earnings from the ships were contributing to interest payments. But LOFs said it saw no signs of an imminent rise in earnings.

"On the rontrary, there is cause for anxiety in the apparent levelling-off of eronomic growth in the Industrialised world and further weakness in oil prices."

The board said it was convinced freight rates would return to a level where investment would be justified by earnings and ships' velues would recover. But, it added, "when this will happen remains unpredictable."

Silentnight warns of a break-even at midyear

A STRIKE et Silentnight Hold-ings has impeded the group's recovery and for the first six manths in July nnly a break-even position is forecast—last year profits totalled £1.1m.

To deal with its industrial relations problems Mr. Tony Pugh, who recently retired from a post in ACAS, has joined Slientnight in an advisory capacity.

Revealing this at the AGM Mr
Tom Clarke, the chairman, sald,
how ver, that the strength of the
balance sheet enabled tha group
to pursue its medium term
strategy which included strengthening the management, both at
the centre and nt some of the
subsidiaries, including the
Silentnight division.

Turnover

Taxation

NOTES:

Investment and

Operating profit

1See Note 2)

Minority interest

Extraordinary items (See Note 3) Profit attributable to

Retained profit for year

(1) After charging

—depreciation
(2) Taxation includes

(3) The extraordinary items romprise the following:

companies

rompanies

hy subsidiary

Profit for the first half year after taxntion but hefore extraordinary

Profit for the serond half year after taxation but before extraordinary

Palm Kernels

Kuala Lumpui

18th June, 1985

-Associated companies

-Over-provision of U.K. tax in respect

Profit on sale of laud by subsidiary

Profit on sale of shares

Share of profit on sale of estate by an associated company

—Malaysia

-interest

Profit after taxation but before extraordinary items

other income

Associated companies Profit before taxation

Systems Reliability heard that group sales for the first five months were in line with budget and showed a satisfactory improvement on the same period of last year.

The outlook for the rest of the year was described as en-

HARRISONS MALAYSIAN PLANTATIONS BERHAD

(Incorporated in Malaysia)

PRELIMINARY REPORT FOR THE YEAR ENDED 31st MARCH, 1985

The Directors announce that the unaudited results for the year ended 31st March, 1985,

38,215

108,447

130,348

130,348

54,108

76,240

76,138

54,108

Profit after taxation but before extraordinary items as percentage of shareholders' funds 28.4 14.2

Net earnings per share (in sen) 28.4 14.2

Net tangihle assets backing per share 38.86 M\$3.61

1985 RESULTS

Turnover for the Group showed a substantial increase of \$476 million or \$2 per ront ovar last year. This was achieved mainly by increased sales in Jomalina and to a lesser extent higher rommodity prices for all crops except rubber.

Operating profit increased by some \$92 million largely due to higher oil palm crops, firm palm oil prices and improved trading ronditions in the palm oil refining industry. The post-acquisition profits from the ten U.K. plantation companies made a satisfactory rontribution to the Group.

titems 47,065 38,042 30.6

CURRENT YEAR'S PROSPECTS

Production is expected to be in line with last year. Commodity prices so far, however, are generally lower than last year and if this trand continues, results for the current year ere not expected to match the exceptional level of the year just ended.

ere not expected to match the exceptional level of the year just ended.

DIVIDENDS

(a) The Directors have declared a 2nd interim dividend of 10 sen par share less tax payable on 8th August, 1985, and will propose at the Annual General Meeting to be held on 7th August, 1985, e final dividend of 10 sen per share less tax, which will be peyntle in January, 1986.

(b) The 1st interim dividend of 10 sen per share less tax was paid on 26th April, 1985.

1c) The total annual gross dividend per share 30 sen (22 sen).

HARVESTED CROPS — TONNES

Turnover, profits and harvested crops of the newly acquired companies are included

from date of acquisition.

The newly acquired companies in the Group have changed their accounting year ends to be in line with the holding company.

Earnings and dividends per share have been adjusted to reflect the effects of the share cepital as enlarged by the recent acquisitions.

By Order of the Roard

Group M\$'000

36,042

1985 51,545 787,688 131,441 46,455 5,544

(954)

1,365

1,954

3,543

Profit after taxation but before extraordinary items as

perrontage of turnover Profit after taxation but before extraordinary items as

9,660

94,916 852

95,768

44,106

60,349 48,086

12,263

43,388

4,417

82,316

82,316

48,086

33,463

20,669

187,456

73,263

Big pay rise for Tootal chairman

TOOTAL, the textiles group, gave Mr Alan Wagstaff, the chairman, a 47 per cent increase in remuneration in the year to January, taking his earnings up from £82,187 to £121,508, the company's annual report shows. Entrad, the Australian textile group, launched an unsuccessful bid for Tootal in February and still bolds 29.9 per cent of the

Group 82

97 135

125 (66)

255

(69)

(100)

(60)

1985

11.0%

(87)

(64) 151

62

1984

8.9%

1984 47,492 582,499 117,103 33,638

By Order of the Board ZAINAL ABIDIN JAMAL

Company 107

British Tar up 34% and plans £10m acquisition

REPORTING n 34 per cent increase in pre-tax profits for the year to end-March 1985, British Tar Products, with interests in bulk storage and chemical manufacture, has also announced the proposed acquisition of Isingless Manufacturers for £9.85m.

The group's pre-tax result (up from £1.87m to a record £2.5m) was achieved on turnover slightly lower at £29.12m, and despite the fact that the miners' strike severely disrupted UK supplies of naphthalene, one of the group's major raw the group's major raw materials, which resulted in significantly increased raw material costs.

material costs.

As indicated at the time of the interim statement, the directors are recommending a final 2.3p (2.2p) dividend, making a total of 3.5p 13p) for the year. The record earnings of 7.08p (8.56p) per 10p sbare basic, and 6.82p (5.92p) diluted, were aphiaved despite the subwere achieved despite the sub-stantial increase in tax, from £553,000 to £914,000.

The group's comparative figures include turnover of £4.83m and profits of £145,000 from Wynmouth Lehr end Fatnils, which was sold on March 9, 1984.

Mr Frank Buckley, tha chair-Mr Frank Bnckley, tha chairman says that BTP's performance during the year reflects the success of the policy of substantial investment in new plant and of building np local facilities to provide technical support to its customers worldwide.

The current year, be says, has started well, and prospects for the remainder of the year are enrouraging.

This acquisition ensured the continuity of marketing efforts by the group in the South Pacific, and enabled it to provide technical support to customers in

BTP believes that the proposed combinetion of the resources of the Isinglass Manufecturers group (IML) in the UK and the U.S. with those of the chemical companies within the BTP group provides n prime opportunity for continuing the strategic development and growth of BTP.

The acquisition will be satisfied by the issue of 9.86m new ordinary shares in BTP. The new shares bave all been conditionally plarod by S. G. Warburg and Company st 100p per share. The brokers are Cazenove and Company.

To provide ordinary BTP shareholders and holders of its convertible loan stock with the opportunity to acquire an additional investment at the placing price, 4.59m (46.5 per cent) of the new shares will be nvailable to such sharebolders pro rata on e one-for-6ve basis to their existing holdings, or to the shares arising on conversion.

BTP's sharebolders' furds stood at £10.61m at and-March 1985, against £9.44m a year earlier.

comment

British Tar Products' proposed acquisition of Isinglass Manufacturers is in line with Its strategy of expanding its speciality chemicals activities. Within the group, Hodgson Chemicals and Nips Laboratories already profuse chemicals for the product of the produ produro chemicals for the phar-maceuticels, leather, hygiene and cosmetics industries: Isinglass, a cosmetics industries: Isinglass, a major supplier of clarifying agents, will bring the group a third chemicals business to serve the brewing industry. Isinglass has a strong market position and its growth record over the past five years is impressive. Much of its expertise in sterilants, preservatives. the remainder of the year are enrouraging.

The group's investment programme involved a commitment in excess of £Im in new plant. The policy of building up local facilities has been particularly successful in the U.S. and, in line with this policy, in Mareb 1985 BTP purebased W. E. Lewisbam (Merchauts) of Aucklaud, New Zealand, a company with which BTP has a long association, and an accompanying share placement calmly. Profits were towards the top end of were towards the top end of brokers' expectations — enough to support Up share price of 110p, down just 1p. This has the shares trading comfortably on a bistoric multiple of 16.

BIDS AND DEALS IN BRIEF

Bowthorpe in U.S. expansion

Bowthorpe Holdings, manufac-turer of electronic and electrical romponents, is buying n California rompany, Monitor Products, for \$6.75m (£5.2m) in

Based in Crawley, Bowthorpe bas 21 overseas subsidiaries and hed said that it was negotiating the purchase of four U.S. component businesses. Monitor Products makes crystal quartz-based frograms, certilators, used in frequency oscillators used in civil and military electronic

Of the total purchase price, \$0.5m will he held in escrow for 12 months. The deal is conditional on Monitor Products having net worth of \$1.65m on the date of rompletion and on its pre-tax profits for the preceding 12 months being at least \$1.3m 12 months being at least \$1.3m. In theyear to February 28 1985 it had pre-tax profits of \$1.39m. Bowthorpe had net cash of over £20m. at its last balance sheet.

RADIO CITY (SOUND OF MERSEYSIDE) has offered to acquire Marcher Sound In exchange for 129,038 A ordinary shares. Indications have been received from the holders of about 57 per ront of the share and lnan stock of Marcher Sound that they will accept.

For the year to the and of September 1984, Marcher showed e pre-tax loss of £171,000 with assets of £88,000.

MR D. A. LANDAU is a nou-executive director of MAM, not of Chrysalis, as was stated in yesterday's edition.

GIEVES GROUP bas acquired the London Renault dealer, Fred Gny, for £458,000, the price baving been met by the issue of 520,652 new ordinary shares in Gieves. The shares have been conditionally placed with institutional clients.

WILLIAMS HOLDINGS has disposed of the scrap metel interests of J and H B Jackson to Dunn Bros. (Metals). Consideration for the properties and fixed assets amounted to F1.25m cash. In addition, Williams will be realising the working capital of the businesses and this is expected to release up to an additional £750,000 in cash during the next few months.

BRITISH Syphon Industries has sold A. H. James & Co to that rompany's managing director and his colleagues for £35,000 cash.

An intra-company loan of £265,000 was repaid to British Sypbon shortly before the completion date. British Sypbon has also sold its 49 per cent interest in Thomas Radcliffe for £49,000.

Windsor vote claim

A dissident investor group at insurance broker Windsor Securities claimed yesterday that the holders of 48 per cent of the company's shares supported its plans to wrest rontrol from the existing management through a boardroom shako-up.

Windsor sharebolders will Windsor sharebolders will vote at an extraordinary meeting n week today on resolutions put forward by Lander Investments to appoint four new directors to the company. As Windsor has just three directors, this would give management control to the newcomers. Lander has a 14.9 per cent stake in Windsor.

Mr Maurice Fnllerton, chairman of Windsor, said eartler this week that he was negotiating the rapidly growing business in the insurance sector" but the vendor would not so through with the deal unless the Lander resolutions were rejected.

Mr John Carr, chairman of Lander, yesterday replied that if the deal was beneficial for Windsor, there was no reason why It should not proceed in conjunction with Lander's plans for the business.

"Our information, bowever, leads us to believe it is an arangement being negotiated in n hurry, for the purpose of diluting Lander's support, and protecting your chairman's position," Mr Carr added.

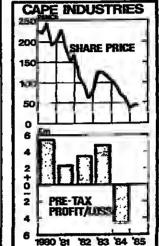
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Cape Inds trading profitably after sales

AFTER major restructring Cape Industries has reported losses for the 15 months to March 21, 1985 of £4.49m compared with profits of £4.88m for 1983 on turnover of £249.01m (£214.05m). Continuing husiness, however, reported profits for the period of £6.82m against 1983's £8.02m nn turnover of £179.62m (£130.58m).

After tax and extraordinary losses of £32m, associated with



the sales and closures of the insuleted metal cladding business and the antomotive operations, shareholders' funds were reduced by £37m. The final has been passed, as was the interim. For 1983

a total payment of 5.6p net was made. Following the reorganisa-tion, which left the enmpany in building products and industrial contracting, directors say that the gearing was unsatisfactory. That was say that the gearing was unsatisfactory. That was largely entrected by a £9.5m rights issue which was taken up by 92.9 per cent of the shareholders and left Charter

market.
Profits from brewing increased marginally to £7.9m (£7.5m); and to offset the serious effect of the mineral strike on sales of draught beer, the rompany was successful in increasing sales of beer in hard plastic bottles. Consolidated with an un-changed holding of 67 per serious effect of the minera' strike on sales of draught beer, the rompany was successful in increasing sales of beer in hard plastic bottles.

The company says that steps have been taken to turn the soft drinks division around but that the full effects have yet to be feit. Upset by poor weather, and changed holding of by per cent in the company.

Together with the cash raised from the disposal of two divisions and other assets the directors say that there will be a marked reduction in debt and during the present year it is anticipated that the

year it is anticipated that the balance sheet will be restored in a satisfactory position. Both the remaining divisions enjoy strong positions in their markets the directors say. In building products all but one of the units bad a good year with profits improving by 25 per cent overall on an annual basis.

After a good record for many years the contracting division had a disappointing year. However the loss at

year. However the loss at nine months was eliminated by the end of the period when profits were giving con-

fidence for the future.
The specialist building products are expected to hold their own, though the clad-ding market is likely to re-main difficult. Little or no

Mansfield plans loan/debenture mix to fund £42m buy

comment

The management of Mansheld bas stressed that the benefits

bas stressed that the benefits from North Country are of a long-term nature. Indeed any investors not prepared for some dilution of earnings over the next coupte of years should look elsewhere, although those willing to last the distance may be well rewarded. Mansfield's ehility to meke money out of brewing is well demonstrated by these figures which show it to have beld its own in conditions that were not promising. However, it will need every inch of that experienro if it is to meet its target of a 300 per cent increase in North Country's stagnant profils over the next two to three years. Making the

two to three years. Making the acquisition pay for liself could suddenly herome even more difficult if interest rates rise, push-

cult if interest rates rise, pushing up the payments on the term load. Mansheld's foray into soft drinks has been disastrous, and the profit this year was much lower than the City had been expecting. Capacity has now been cut end management changed, which could bring profits hack up to around the previous year's level. Giveo improved profits from brewing, and a contribution of about

and a contribution of about 12m from North Country, the total may be unchanged at £8m, after over £5m in interest. After a 40 per ront tax rate that would put the shares at 367p, on an enthusiastic multiple of about 12.

Mansfield Brewery yesterday depressed by the aftermath of ublished details of its proposed the miners' strike, trading is 42m acquisition of North progressing slowly in the published details of its proposed f42m acquisition of North Country, the brewing division of Northern Foods.

The ambitious deal is to he funded through the issue of funded through the issue of £20m-worth of 25-year debenture stock, with the balanro coming vis medium-term hank horrowlings. The two moves together will leave the Nottinghamshire-based brewery with a debtequity ratio of around 100 per cent.

Manufacture from the miners' strike, trading is progressing slowly in the breweries division.

The profit before tax was arrived at after charging interest £767,000 (£526,000), and crediting £113,000 (£50,000) investment income. The tax charge rose to £3,302 (£3.221), with earnings oer share 17 per cent lower at 29p.

The directors are recommending a final dividend of 6.0p a share to make a total of 8.23p for the year, an increase of 3.1

veiled stightly disappointing results for the year to March 31. 1985, with profits marginally down at £7.8m against £8.4m on sales of £72m (£68m).

The acquisition of North The acquisition of North Country will more than double Mansfield's number of owned outlets to 430 end increase hy 400 the number of free outlets it suoplies. Most of these are in the Hull area, bordering on the South Yorkshire and Nottinghamshire regions which Mansfield already supplies.

Mansfield nlans to close North Country's Hull brewery and supply the outlets itself. North Country made profits of f1.9m in the year to March 1985 on

in the year to March 1985 on sales of £23m.

The company says that the acquisition will provide a valuable increase in its geographics hase and that the long term prospects are enrouraging.

The dehenture, which has an The denenture, which has an till per cent coupon, matures in 2010, and is issued at £99.99 per ront. The medium term loso is for seven years, with repayments of principal starting in 1988 and has been underwritten by Samuel Montagu. Most of the drop in Mansfield's

profits last year came from the soft drinks division. A 64 per cent fall to £528,000 on nlmost unchanged turnover was blamed by the management on competitive pricing in the soft drinks market.

George Wimpey

DIVIDENDS ANNOUNCED

		Date of s payment	Corre- ponding div.	Total for year	Total last year	
Cape Industries Barlows Berkeley Group British Tar Centrovincial Est. Countryside Props. lot Erskine House I. H. Fenner int GEI Mansfield Brewery Meyer Intl. Platnu Intal Steinberg Watson & Philip int Winterbottum Engy, int	7.5 2.4‡ 2.3 3 1.9† 2.3 3.91 8 3.45 1.87‡ 1.2 1.7	July 18 Aug. 20 Oct. 7 Sept. 6 July 29 Aug. 5 Sept. 5 Aug. 30 Aug. 30 Aug. 2	3.9 7.5 2.2 3.82 1.5 2.56 5.7.1 11.2 1.2 1.2 1.2	nil 7.5 3.5 6 2.5 5.85 5.25 2.8 2.2 2.2	5.6 7.5 3 5.04 1.5 5.32 84.75 0.58 2.2 5.1.55¶	

but the division should recover from its recent difficulties and improve its level of profitability.

Whaterbottom Engy. in | 0.2 Aug. 2 0.2 — 1.55% Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Includes special bonus of 0.55p.

Meyer International

A satisfactory result despite reduced demand in second half year

Mr. Ronald E. Groves, Chairman, reports:

- * Pre-tax profits at £30.3 million were slightly down on the previous year (£32.7 million) but earnings per share increased from 19.2p to 20.4p.
- * Final dividend 3.45p, making the total for the year 5.25p, an increase of 10% on last year and of 40% since the 1982 merger.
- The Forest Products Division experienced mixed trading conditions with reduced consumption but achieved a satisfactory result. The added problems created by violent currency fluctuations were successfully
- * Jewson consolidated their position as the best known builders' merchanting group in England and Wales as their TV and catalogue led promotional campaign entered its second year.
- * The Manufacturing companies had a very satisfactory year, Crosby Kitchens performance being outstanding.
- * The contribution from the Overseas operating companies was inadequate. Following senior management changes, an improved performance is
- * Disposals of operations and investments outside the main stream of activities realised some £5 million. Further sales of surplus assets are expected to yield over £14 million over the next 2 years.
- * Net Borrowings, reduced to £26 million, now represent only 15% of
- * Net assets per share increased during the year by 7% to 184p, despite reductions through revaluation. All Group properties are now valued for

Future Prospects

*Despite the difficulties we face in 1985 there is confidence that our businesses will make a good showing."

Copies of the Annual Report, containing the Chairman's Statement in full, may be obtained from The Secretary, Meyer International plc, Villers House, 41-47 Strand, London WC2N 5JG.



... 654

Fenner hit hard by miners' strike

J. H. Fenner, the Hull-based power transmission engineer whose profits recovered strongly in 1983-84 after three years of costly rationalisation, returned figures soms 69 per cent lower for the first six months of the

Mr Peter Barker, the chairman, tells shareholders that as he predicted in his anoual statement the prolonged miners' dispute bad a severe impact on the results, especially as business with the UK mining industry involves more than a quarter of UK turnover.

For the six months to March 2, 1985 group pre-tax profits dived from a restated £2.04m to £643,000. Mr Barker estimates that the loss of pre-tax profit due to the dispute was in excess of £1.5m and adds that demand from the NCB is likely to be sluggish for some time yet.

Last August in their successful defence against a bid from Hawker Siddeley the directors forecast a major increase in 1983-84 profits, a 50 per cent dividend increase for the current year, and first-class medium and longer term prospects.

year.

Group turnover for the first six months edged ahead from £75.52m to £79.9m. Operating profits improved to £3.82m (53.85m) but were subject to e £458,000 share of related company losses, compared with

In a circular accompanying Platon's results for the year to March 31 1985, Mr Gilbert Platon, the chairman, says that profit margins will benefit from in-bouse manufacture— 1/1e group will be diversifying into new advanced technology market areas, notably defence electronics and computer systems.

The projected figures he says

Platon expects all-round

boost from acquisitions

THE proposed acquisition of by issuing 482,759 new ordinary shares in Platon, which have Electronics by Platon International is projected to boost the group's performance with turnover expected to increase from the current level of £3.5m absorbing existing bank botrowto £7.7m, with profits after tax showing something like an 83 tible loan note (value £601,000) to £717 on completion.

They are mindful of the under takings given concerning the charges to £2.52m.

Apart from the miners distributed trading results for the pute, the results were further the group's trading were and a group's trading were a group's trading were and a group's trading were a g

the actual trading results for the opening half year, say they do not consider it appropriate to increase the interim and have declared an unchanged 2p net.

Reported pre-tax profits for the 1983-84 year totalled f6.07m (54.5m), although these have since been adjusted to £5.02m in accordance with the change of status of Fenner (India) which is now a related company.

Mr Barker says there is no prospect in the short-term of recovering the lost ground in the current year. He believes, however, that now that some of the major problems besetting the group have been resolved, share-bolders can look forward to bolders can look forward to Fenner resuming the pace of recovery it demonstrated last

to FTI on completion.

Hydro-Québec Montreal, Canada

Province de Québec

WESTDEUTSCHE LANDESBANK

CREDIT LYONNAIS

County Bank

Cridit Commercial de France

buit industriel at Commercial de Paris

DM 200,000,000 7%% Bonds due 1995

CREDIT SUISSE FIRST BOSTON

match — last summer it affered about 140p a share for Fenner but was beaten off just short of victory. Hawker still bold some 25 per cent of Fenner. For the full year the analysts are showing continued caution, trimming forecasts to around £4m pre-tax. This has the shares trading on a prospective multiple of almost 13 (25 per cent tax) at 125p down 10p. Short of a bid—which would surely force the group's hand on fulfilling its 50 per cent dividend increase promise—this seems about right. J. H. Fenner's timetable for a reduction of gearing and increased dividend payous bas been frustrated by the length of the miners' strike and the turmoil in the Punjah. The post-Countryside 53% ahead and set for record year

Apart from the miners' dis-pute, the results were further depressed by the continued communal unrest in India.

The offer by Hawker, launched in June 1984, lapsed two months later following e low acceptance

comment

improving market for the group's commercial and indus-

Meanwhile, Platon's figures for its first year on the USM have been characterised by heavy investment, improved turnover and, as stated, by the aquisitions. Group turnover was 12.9 per cent bigher at £3.52m (£3.12m), with net profit before tax up from £394.352 to £440,000. There was a lower tax charse of £57.101 For the opening six months to March 31, 1985 pre-tax profits improved from £563,000 to £859,000 from turnover £2.51m ahead at £12.81m. Sales of new houses accounted for £9.8m and proceeds from other property development for £3m.

areas, notably defence electronics and computer systems.

The projected figures, he says, do not take account of planned growth for the two companies, particularly the application of Platon's overseas marketing expertise.

He says the two acquisitions will be completed for a total payment of £1.76m, financed partly Earnings rose from 8.6p to 13.4p and the interim dividend is being lifted to 2.03p net per 25p share, an increase of 11 per cent over last time's 1.82p. Mr Alan Cherry, group chairman, says that the considerable increase in interest rates during the period did not have an

WITH FIRST half pre-tax adverse effect on Countryside's profits up by 53 per cent the new housing sales.
"On the contrary, the rate of sales reservations has been very good and forward sales are currently at a record level," be tells shareholders in his interim report.

the group's trading year eods in September. What does remain on target is the £10m

asset disposal programme which should see year-end gearing significantly down from the present two-thirds of share-holders' funds. Some brokers are detecting in the fulsome interior estatement the making the statement the same statement that same statement the same statement the

interim statement the makings of a pre-emptive defence doors

ment and there has to have been something in the share price for the speculation that Hawker Siddeley might seek a return match — last summer it offered

group's commercial and industrial property schemes as well as a buoyant market for its new housing.

For the opening six months to March 31, 1985 pre-tax profits improved from £563,000 to

Cross building.

Construction work is making good progress on the remaining unit of phase two of the Hook Rise industrial development on the Kingston-by-Pass, which is pre-let to Plessey and forward sold to an institutional investor.

Work is also progressing on the new Warley Hill Business Park at Brentwood. Mr Cherry eays the largest of the four proposed office buildings has been pre-let and the level of inquiries for the other buildings is most encouraging.

All these bonds having been sold, this anno ment appears as a matter of record only.

ORION ROYAL BANK

COMMERZBANK

ISSUE NEWS **Sunlight Service** calls for £7.7m to finance expansion

four rights issue.

The cash call comes after an

The cash call comes after an 18 month period in which the company has spent £17m hn acquisitions, new plant and reorganisation, financed by the issue of £10m in new ahares and by £7m in increased borrowings. The immediate effect of the rights issue will be to cut down group net deht standing at £11m. But the company says if plans

Sunlight Service Group, the will carry the final effect laundry, cleaning and security of the group's reorganisation programme over bid from Evengreen Holdings in 1983, is asking share-holders for £7.7m with a one-for-four rights issue.

The ones call comment thank respectively.

comment

News of the rights issue brought Sunlight Service shares down to their lowest point since the 1983 bld battles brought a sparkle to issue of £10m in new shares and by £7m in increased borrowings.

The immediate effect of the rights issue will be to cur down group net debt standing at £11m. But the company says it plans further expansion, investing in its security division, and in its workwear division, including the construction of a new £1m laundary.

Mr John Ivey, the chief exemplanding quite rapidly over the past yeer, and now we want to expand further."

Sunlight shares fell 7p to expand further."

Sunlight has said in the group announced increased pre-tax profits of £4.5m for 1984 on time over of £58m. The company devoted major afforts to tunding around Hs largest acquisition, £1 George's linen hire company which was hought in February.

Sunlight has said that 1985 will not be an easy year, with a disappoloxing first half which

Baillie to launch trust for smaller Tokyo market

FUND manager Baillie Gifferd for every five shares entitling the is launching a new investment shareholder to subscribe for one trust to specialise in small Japanese companies.

Baillie Gifford Shin Nippon is coming to the stock market with a capitalisation of up to £8m. In an offer for subscription under the broker for subscription under The broker is James Capel. coming to the stock market with a capitalisation of up to 19m. In an offer for subscription under-written by merchant bank Klein-wort Benson, up to 16m shares in

the company are being offered at 50p each.

Baillie Gifford is one of the most successful of UK fund managers investing in Japan. Its Baillie Gifford Japan Trust was the top performing investment trust in terms of tetal return-on net assets in both 1983 and 1984.

The new trust is to concentrate on companies with an annual minover of less than 50b year (£185m), While the managers do not rule out companies quoted on the Tokyo Stock Exchange's First Section (for larger com-

Appletree for USM

Appletree, a Cambridge-based company which packs, distributes and wholesales vegetables, is coming to the USM with a Grant is placing 1.5m shares at 138p each of which 0.4m are being sold by Mr David Johnson,

the company's chairman and chief executive.

The remainder will raise film net of expenses for the company, which will be used to increase working capital and to improve existing factory mace.

The company has been supplying supermarkets with pre-packed fresh produce since 1968. It has grown rapidly 2s the supermarkets have steadily gained market share at the expense of the local green grocer.

From £47,000 in 1980, the

group has increased profits to £393,000 last year. It is forecasting e pre-tax profit for the year to September 1985 of £700,000, after having made £390,000 in the first half.

At the placing price the shares are on a prospective earnings multiple of 13.5, after a tax charge of 35 per cent. Based on an annual dividend of 2.5p the yield is 2.5 per cent. Dealings begin on June 25.

Kalon issued at 30p

Shares in Kalen Group, which has been created by the merger of Leyland Paint and Wallpaper and privately-owned Kalon, have been placed on the stock market

been placed on the stock market at a price of 30p.

This compares with a last price of 34p for Leyland stares before they were suspended when the merger was announced in April.

Under the terms of the merger, Leyland issued 915m to merger, Leyland issued \$1.5m to Kalon sharebolders, giving them over 78 per cent of the enlarged group. Of these new shares, 10m are being placed on the market on behalf of Kalon's chairman. Mr Leslie Silver, by S. G. Warburg and County Bank through Cazenove and Williams de Broe Hill Chaplin.

Full listing particulars of Kalon are published today. Dealings in the company are ings in the company are expected to start on Menday.

Micro Scope The offer for sale of 32m shares in Micro Scope attracted \$30 applications for approximately 3.25m shares. All applications for less than 200,000 shares will be alloted in full with the rest receiving about 96 per cent of the amount applied for,

Pirst Section (for larger companies), they believe that they are more likely to find suitable But Buillie Gifford clearly companies in the Second Section and in the over-the-counter market.

Shares offered in the issue will significantly behind their larger carry warrants, with one warrant brethren in recent months. Cambridge

Cambridge Instrument Com-pany is planning to obtain a full Stock Exchange listing next month via an offer for sale sponsored by Kleinwort Benson. The company is engaged in the manufacture of high technology and industrial automation products. It was reorganised in 1979 under a new management team and over the past five years to end-March 1985 losses of £565,000 bave been turned into taxable profits of £4.21m. MINING NEWS

Gold dredger to be floated on the Toronto exchange

NEW gold mining venture is to be launched on the Toronto tock exchange within the next to days by means of a public offering of 2.4m shares in October of Chappell Goldfields, tt a price of USAS per share. The stering is being made through lerit Investment and Bell Guinlock

Guinlock.

The parent company, Osborne and Chappell International, is best known for its expertise in tin dredging in Malaysia, where it has been active since the end of the last century. The company had its origins, bowever, in early gold developments in Australia. OCI will be retaining a 56% per cent interest in the gold company.

The company plans to apply its experience in dredging for lin to the similar business of extracting gold from placer (alluvial) deposits, initially in South America and later in the U.S. and Canada.

At present gold prices, the annual production would have a gross value of aimost \$10.5m. With operating costs estimated at \$180 per ounce, the company is expecting a short payback period of some 18 months. The funds realised will be used to finance three further dredges on the sites, which should lift annual gold output to 120,000 oz by 1990. Thereafter, the company plans further ventures in eastern Canada and Idaho.

MINING NEWS IN BRIEF

The company earned A31.12m in the year to last June. Pay rises of up to K65 (£21) a month have been given to miners at Zamble's state-owned South Africa's gold production copper mines. This follows a week-long strike by the men who said they could not afford pen-sion fund contributions in addi-tion to tax, social security and

south Arrica's gold production fell slightly in May to 1,736,480 oz from 1,746,201 oz in April, according to the Chamber of Mines. The total for the first five months of this year amounts to 9,005,621 or compared with 9,040,748 or in the same period of 1984.

Berke

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The issue is expected to raise a net \$11m. It will be used to finance 50 per cent participation in two joint-venture gold dreiging operations, one in the Mano Grosso region of Brazil and one in Ecuador. Both of these single-dredge operations are expected to be in production by the end of 1986. From 1987, the combined annual output is estimated at 32,000 ounces of gold.

tion to tax, social security and union membership payments.

The strike resulted in the toss of \$000 tonnes of copper output out of a yearly total of \$50,000 tonnes and more than \$4,000 workers were sacked. Appeals against dismissal are being heard by the Zamblan Consolidated Copper Mines management. Australia's Peke-Wallsend is to farm in on a gold prospect at Bimurra in the Drummond Basin of central Queensland which is under option to the unlisted Menzies Gold. Peko may earn up to a 60 per cent interest in the prospect by spending A\$965,000 (£496,500) on exploration. The area is stated to con-Australia's Poseidon is to offer Australia's Poseidon is to offer up to a 80 per cent interest in A\$2.20 (about 115p) per share the prospect by spending for Minerals Mining and Metallargy (MMM). Poseidon currently bolds about 20 per cent of tain gold mineralisation similar to that at Pajingo where Daval produces silver, lead and zinc at Mining has obtained high grade Broken Hill in New South Wales by open-cut mining and the Resources has a 42 per cent retreatment of old mine dumps.

Granville & Co. Limited

Member of The Netional Association of Security Osalers

8 Lovar Lane London EC3R 8DT Telephone 01-621 1212

Over-the-Counter Market

| 135 Ass. Bift. Ind. CULS | 141xi | 150 Airspring Group | 50 | 50 Airspring Group | 50 Airspr

This Advertisement is issued in accordance with the requirements of the Council of The Stock Exchange and does not constitute an invitation to any person to subscribe for or purchase any shares.

BLANCHARDS PLC

Incorporated in England under the Companies Acts 1948 to 1967 - No. 1075532

Placing by STRAUSS, TURNBULL & CO. LIMITED instructed by UNITED TRUST & CREDIT PLC

of 1,600,000 Ordinary Shares of 10p each at 75p per share.

SHARE CAPITAL

Authorised £625,000

Ordinary Shares of 10p each

Issued and to be issued fully paid £500,000

The principal activities of the Company and its subsidiaries are the interior design, decoration and furnishing of residential and commercial accommodation, the retailing and export of quality furniture, antiques and furnishings, and estate agency.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the issued and to be issued share capital of the permission to deal in the whole of the issued and to be issued share capital of the Company in the Unlisted Securities Market. A proportion of the shares being placed is available to the public through the market during market hours today. It is emphasised that no application has been made for these securities to be admitted to listing. Particulars of the Company are available in the Extel Unlisted Securities Market Service. and copies of the prospectus or of such particulars may be obtained during usual business hours on any weekday (Saturdays and Bank Holidays excepted) up to and including 3rd July, 1985, from

Stramss, Turnbull & Co. Limited, Members of The Stock Exchange, 3 Moorgate Place, LONDON EC2R 6HR Telephone: 01-638 5699 Telex: 883201

United Trust & Credit PLC 55 Grosvenor Street, LONDON WIX 9DA Telephone: 01-499 0223 Telex: 896691 UTC

19th June, 1985

S. G. WARBURG & CO. LTD. UNION BANK OF SWITZERLAND (SECURITIES) LEVESQUE, BEAUBIEN INC. DOMINION SECURITIES PITFIELD Abu Dhabi tov Algemene Bank Nederland N.Y. Del-Ichi Kangyo Inb Lumited Arab Banking Corpo Days & Co. GmbH Delbrück & Ca. Arabian General Investr Den norske Credi Deutsche Bank Aktorigesellschaft Sanco di Roma Drescher Bank **Bankers Trust International** Bank für Ge Bank Leu International Ltd. Bank Mees 2 Hope NV mobiliare S.p.A. Bank of Toloro International European Arab Bank First Interstate Limited que Bruxelles Lambert S.A io Francules du Commerce Extin Banque Générale du Luxembourg S.A. Girozentrals und Ber Banque Nationale de Paris Banque Paribas Capital Markets org Heuck & Sohn S tering Brothers & Co., Hill Samuel & Co. industriebank von Japan (Deutschland Intituto Bancario San Paglo di Toring Joh, Berenburg, Goseler & Co. Kidder, Parabody Inte Berliner Bank Burns Fry wait Foreign Trading, Cor restrict Co. (S.A.K.) Chase Manhettan Capital Markets, Group Chemical Benk Inter Kunwait Investment Company (S.A.K.)

Benkhaus Hermann Lampe

Merck, Finck & Co. Merrill Lynch Capital Markets E. Metzier seel, Sohn 2 Co. Michigal Finance Interna-Samuel Montagu & Co. Morgan Granfell 2 Co. Limited Morgan Stanley Intern Hetionel Bank of Alse Shehi The Midto Securities Co., (Europe) Lits. Hippon Credit International (HIC) Ltd. enhelm jr. 2 Cis. Placent, Heidrige & Placeton N.Y. PK Christiania Bank (UK) IN A/S Serve International Limited J. Henry Schroder Wagg & Co. Limited Smith Barney, Harris Uphern 2. Co. Incorporated Société Générale Swies Bank Corporation Internal Trinkaus & Burkhard Union Bank of Finland Ltd. Union Bank of Horway Ltd. Verband Schweizerischer K. Vereine- und Westback Aktiengesellschaft M. M. Warburg-Bring WestLB International S.A. Wood Gundy Inc.

reduceday June 19 1986

Dull outlook for Meyer after £2m profit fall

THE SECOND half of the 1984-85 year at Meyer International, timber and building materials concern, did not come up to expectations, and the company witnessed e profit downturn of £2.41m over the year.

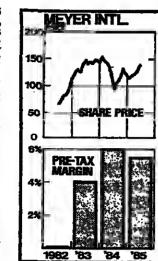
At midway Mr Ronald Groves, the chairman, said that the full-year result would be aomewhat similar to that for 1983-84, but yesterday be reported profits down to £30.32m, against £32.74m. He said that with bousebuilding and repair forecast at a lower

and repair forecast at a lower level for the current year, tha outlook for 1985-86 does not look

ontlook for 1985-56 these hot four exciting.

He gave several reasons for the poor second-half performance. There was a falling off in the level of activity in the construction industry in the lest quarter of 1984, and tha final period of the financial year was affected not only by the weather but also by increases in interest and mortgage rates, and violent changes in currency rates.

In view of all this, he still con-



changes in currency rates.

In view of all this, he still considered that the results were satisfactory, and the markets seemad to agree yesterday, leaving the shares unchanged on the day at 143p. Despite the downturn, the dividend is lifted by 0.5p to 5.25p with a final of 3.45p (3.1p).

Turnover slipped from 5549.88m to 5548.82m for the year, with the second half down by £5.3m at £264.77m.

After a lower tax charge of £10.62m (£14.18m) net profits were up from £18.56m to £19.7m, or from 19.25p to 20.44p per share. It was a year of consolidation for Jewson, the timber and builders' merchant division, with builders' merchant division, with 55m Invested in modernising and developing brenches. This process will be completed in 1985. On prospects, the chairman said that although there were encouraging reports about the improving state of the economy by the Government, the CBI and other economic analysts it was difficult to relete similar expectations to the construction industry which had considerable under-ntilised capacity.

Pessimism seems to have been per cent tax), which seems well up with events even if that route was a circuituous one.

overdone in the case of Meyer International — although the difficulty of forecasting results at a company so dependent on the movement of the Swedish krona and the dollar against sterling is real enough. The outurn has been better than expected although it took reduced contributions to the pension fund to belance out stock writedowns of £2m and the clawing back of as much tax relief as was available to boost the after-tax income. Howevar, a key factor lending support to the share price et 143p has to be bid rumours. The aggressive Australian company Adstream took an almost 5 per cent stake in late May and bas eo far refused to indicate its intentions. Closer to home there has been speculation that a bid might come from Hanson Trust although no identifiable share stake appears to bave been although no identifiable share stake appears to bave been garnered by thet group. All of which has proved useful for a company making the transition from highly cyclical bulk timber trading to merchanting for the jobbing builders market. With just under half of UK profits now coming from merchant arm Jewsons and most of the start up costs of the chain behind it tha prospects have to look good once housing starts to pick up. For this year the analysts are plumbing for a small rise to £31m pre-tax which small rise to £31m pre-tax which has the shares trading on a prospective multiple of 7 (35

Purchases boost **Erskine**

House

Erskine House, which has been active on the acquisition front, yesterday reported a 68 per cent increase in full year taxable profits from a restated £1.09m to £1.83m. The office equipment sales and servicing division

acquired six companies during the year to March 31, 1985 and substantially increased its profits contribution, says Mr Brian McGilliv-ray, the chairman. In contrast, however, the

In contrast, however, the security and fire protection side has been completely reshaped with PPR Alarms being sold in March which was followed last month by the sale of the remaining PPR Security business. The businesses disposed of incurred n loss in 1984/85 of £10.000.

"The poor profit performance was mainly attributable to a very severe rise in insurance costs in the cash transit business." says Mr McGillity-

husiness," says Mr McGilliv-

ray. Elsewhere, the Bureaux de Elsewhere, the Bureaux de Change business benefited from the high volume of tourist trade and, less significantly, from the overall rise in the value of the U.S. dollar. Erskine Services, which was started last year, has built up its contract base after a plant start while Teleafter a slow start while Tele-surveillance (acquired last year) is expected to increase its contribution.

Overall group turnover was f6.25m higher at £21.81m and the company expects the current year to be another one of substantial progress.

Earnings per share for 1984/85 improved from 5.4p to 2.5m and the dividend to 7.8p and the dividend total is being raised to 2.5p, against 1.5p, by a final pay-ment of 1.9p.

comment

Shareholders who stuck throughout the lean years of Erskine have finally been re-warded under the acquisitive warded under the acquisitive helmsmanship of Brian McGillivray. The pre-tax improvement of 67 per cent and e.p.s. rise of 44 per cent speak for themselves and the pace of acquisitions shows no sign of decreasing. At least a further £5m will be spent this year and Eraking is close to year and Ersking is close to clinching another deal. The purchases so far have pro-duced a lop-sided profile in that two-thirds of turnover that two-thirds of turnover relates to the photocopier divisions—not what had been envisaged two years ago when the corporate plan was moulded—but that is, where the acquisitions have naturally come. Once national coverage is achieved, and that should not be far away, greater emphasis will be placed on accelerating the other service operations. The theory is that fire protection, security surveillance etc. could ride through enstomers' doors on the coat-tails of photocopiers. For the present, acquisitions the coat-tails of photocopiers. For the present, acquisitions are bound to be focused ou private companies where the p/es are undemanding despite a virtually ungeared balance sbeet and reasonably valued paper—the historic p/e is almost 14 at 108p. Without further acquisitious profits could reach £2\mu this year on margins of 10 per cent. The ambition is to achieve 15 per cent.

IN BRIEF

Steinberg down £1m

The six months to end March The six months to end March 1985 saw a further profit decline at Steinberg Group, a Marks & Spencer supplier, and the company's pre-tax return fell by £1.07m to £2.04m for the full year. The dividend is hald at 1.2p for an unchanged 2.2p total. The directors identify three The directors identify three major factors in the downturn. There were losses, as anticipated, in the new Hornsea Pottery business; net interest costs increased from £366,000 to £879,000, reflecting the level of debt incurred to fund substantial capital investment; and mistakes were made in the range structure, commitment levels and pricing policy of the group's Alexon merchandise. Management changes have been made and new policies implemented, they say.

Turnover was down from £46.07m to £45.88m, and after e charge of £313,000 (£455,000) for tax earnings per share are shown

tax earnings per share are shown at 8.81p (14.12p).

THE INVESTMENT COMPANY lifted total profits from \$882,190 to \$1.27m in the year to March 31 1985, including £575,573 (£261,626) profits on changes of investments. The dividend is raised from an equivalent 0.963p to 1.05p with a final of 0.613p. Earnings per share are stated at 3.66p (3.17p) on increased capital,

ASSOCIATED ENERGY SER-VICES, the building and environmental maintenance serenvironmental maintenance services and catering distributor, is set to experience a strong second half and bopes to increase the single final dividend. For the opening six months to and-March 1985, turnover of this USM stock moved up from £1.52m to £2.93m and generated higher operating profits of £290,000 against £233,000. Most of the increase was attributable of the increase was attributable to the maintenance and servicing to the maintenance and servicing side. The taxable result, however, was down by £10,000 to £203,000 following an increase in interest charges. Earnings per share were lower at 1.68p (2.16p).

All-round growth lifts GEI to £4.3m

WITH THE belp of a 68 per cent growth in exports, GEI International achieved record turn over in the year to the end of March 1985. Exports now account for more than 20 per cent of UK sales.

Turnover rose from £62.37m to £71.72m, with pre-tax proats advancing by 38 per cent to £4.27m (£3.1m).

Mr Thomas Kenny, the chairman, says thal all divisions were profitable and improved their results. Te is optimistic for the present year.

In the last wage round demands were settled at ehout 5 per cent if greater demands are made without increased productivity "we will reduce the labour force and accept no blame for increased unemployment."

With tax up £1.69m (£1.06m), net profits were £2.58m (£2.05m). Earnings per 20p share were 12p pre-tax, up from the previous year's 8.7p and after-tax were 7.3p (5.8p).

A final dividend payment of 3.81p is being recommended, an increase of 10 near agent on last

A highlight of the year was the performance by Sanderson Kayser, the special steels subsidiary, which earned record trading profits and the chairman adds: "Our other steel company. Hemmings, must be the envy of many in a difficult continuation."

many in a difficult environ-ment." ment."

Auto Wrappers (Norwich), in the packaging riechlnery division, returned record sales and profits and Europeck achieved a major increase in profits. The group intends to enlarge

The group intends to enlarge its interests in this area. As part of this plan the chairman says the company is engeged in talks with two companies, one of which is overseas.

which is overseas.

Losses were still being made at Cox-Denholm, the Edinburgh-based manufacturer of beking ovens and associated equipment. Mr Kenny says that the losses, which are not quantiled, have been reduced, but "it is not a respectable member of the GEI family until it earns profits."

Sales for each employee rose from £26,000 to £30,000, the numbers employed remaining the same thronghout the year.

Dowding & Mills

Terms have been agreed for Dowding and Mills to acquire a mejority interest in Geba Holdings BV, a privete group of companies based in the Netherlends, for a total consideration of NF1 2.06m, or approximately £468,555.

with institutions,

Dowding will ecquire an 80 per cent interest in Ceba, and immediately following the ecquisition there will be a rights

Corning ahead

Almost doubled pre-tax profits of £5.13m were achieved in the vear to December 2 1984, at Corning, compared with £2.93m. 1 turnover for this Sunderland-based glass manufacturer was ahead at £57.34m against £50.72m, geoerating an operating profit up from £3.55m to £5.53m.

Interest Turnover for this Sunderland-Interest payable was lower et £213,000 (£385,000), and there were losses of £185,000 (£34,000), from a partnership

pre-tax, up from the previous year's 8.7p and after-tax were 7.3p (5.8p).

A final dividend payment of 3.91p is being recommended, an increase of 10 per cent on last year's 3.56p. The total is 5.85p (5.32p).

Investors have to take a lot on trust with GEI International

trust with GEI International, which is not the most forthcoming of companies in explaining its performance. Nevertheless, those who have becked the group have done welt over the past year with sheres climbing from a low of 62p to a 114p high before slipping hock to 110p, down 2p yesterday. The group's advance is broadly-based, with the steel companies winning new customers to compensate for a lack of National Coal Board orders last year, and the packag-

orders last year, and the packag-ing husinesses buoyed by the April 1983 acquisition of Metra-matic in the U.S. The current year should see further progress, with sales to the NCB returning in the steel order book. Prestay

to the steel order book. Pre-tax profits of 14.75m look possible, putting the shares of an multiple of nearly 13. At this level, the

shares are well up with events and would indeed look expensive

comment

venture.

insue in Geha for which Dowding intends to subscribe for its entitlementat a cost of NFI 1.2m (£272,944).

Tax took £179,000 (£32,000). The company's ultimate holding company is Corning Glass Works of the U.S.

BOARD MEETINGS

TODAY
Interime: Anglis Television, Arbethnot
Japan Growth Fund, Arbethnot Sterling
Fund, Arbethnot Yen aond Fund, Robert
Home, Inn Leisura, Kenning Motor,
Arthur Lee, Lookers, Scottieh American Arthur Lee, Lookers, Scottleh American Investment,
Finals: Blaichi Tin, Artish Telecom.
C.H. Industrials, Godiley Davis, Heedlam Sims and Coggins, London and
Associated Investment Trust, Mountview
Estates, Northam Foods, Oxford Instruments, Powell Outlyn, John Waddington.

FUTURE DATES Interims—

ASEA AB

Aseock Newscapers

Daily Mail and General Trust

First Lesura

Wheway Wetson

Finals—

Allied Colloids

Anchor Internetional Fund

Gratthwarte Engineers

Gramplan Television

June 27

June 27

Malayan Banking Berhad

US \$60,000,000

Negotiable Floating Rate Dollar Certificates of Deposit due 1987 Tranche A

In accordance with the provisions of the Certificates. notice is hereby given that the rate of interest for the period from 19th June 1985 to 19th September 1985 has been established at 713/16 per cent per annum. The interest payment date will be 19th September 1985. Payment which will amount to US \$4,991.32 per Certificate, will be made against the relative

Bank of America International Limited

Rowe Evans INVESTMENTS PLO

1985. The following is a summary of the results and of the comments made by Mr. E. Hadsley-Chapfin, Chairman and Managing Director in his circulated statement for the year ended 31st December, 1984.

Results in brief	Year ended 31	st December	
	1984 £'000	1983 £'000	
Profit before tax Profit after tax and	3,888	1,979	
minority	1,765	901	
Net increase in liquid funds	1,072	163	
Dividend per share	2.25p	1.35p	
Earnings per share	6.05p	3.32p	

"Profifs after tax are about 80% higher than in the previous year. A "Profits alter tax are about 80% higher than in the previous year, a number of factors have contributed towards these very welcome results, the largest one being from our Pangkatan Estate in North Sumetra which made £1.6 million before tax. The contribution from our Indonesian related company owning Kerasaan Estate, P.T.P.P. Laras, in which we have a 40% stake, was proportionately as great. The main reason was the high yields obtained from our oil palm areas which were boosted by the effect of weevil pollination, good climatic conditions and thet generally speaking our palms were in a high yielding cycle.

We also received a major contribution lowards profitability from our Sungel Kruil Estala in Malaysia. Profits Irom our various Malaysian related companies were all et reasonable levels.

We continued to make progress with planting our existing 1,100 hectares of Simpang Kirl Estale and we are in the process of installing tamporary milling facilities to deal with our initial crop of f.l.b.

As a result of the record profits we have been abla to reduce our bank borrowings considerably and place considerable sums to reserves which will provide for further expenditure at Simpang Kirl, tem not going to make a forecast for 1985 but as we ere now on a firm linancial footing am reasonably confident that we will be able to maintain the increased dividend."

E. Hadsley-Chaplin, Chairman

Copies of the Report and Financial Statements may be obtained from the Secretaries: M. P. Evans Secretarial Services Limited, Tubs Hill House, London Road, Sevenceks, Kent TN13 1DG.

New AXIA Holding Corporation

bas sold

Faultless Caster Corporation

and its wholly-owned subsidiary

Faultless-Doerner Manufacturing Inc. (a Canadian corporation)

Babcock International, Inc.

We initiated this transaction, assisted in the negotiations and acted as financial advisor to New AXIA Holding Corporation.

Merrill Lynch Capital Markets



Hanover Investments (Holdings) p.l.c.

Estate Agencies; Financial and Property Services

Results for year ended 28 February 1985 £'000 Trading profit (before tax and exceptional items) 510 Earnings per share 90 7.10 Assets per share 61p 82p Dividands per share 3p Druce & Co., Spencers, Alexander Stevens Druce & Co., Ronald Preston & Pariners, F. S. Daniell & Son.

Wa are well placed to make further progress this yeer. WE INVITE FIRMS WISHING TO MAKE SIMILAR PROGRESS TO JOIN OUR EXPANDING GROUP.

Copies of the report and accounts can be obtained from the Secretary, 21 Manchester Square, London W1.4 2DD.

BUSINESS OPPORTUNITIES IN THE USA REWARDS, RISKS AND CHOICES

A seminar presented by:

Commercial Consultants Inc., tnc.

You are invited to attend this educational seminar to learn of the opportunities and strategies for the purchase of U.S. business Topics to be covered include:

The dynamic characteristics of the U.S. market Legal idlosyncrasies of foreign investment immigration and visa considerations Tax and pre-investment planning Analysis of a typical business Advantages of buyers agency

These and related topics will be covered and the opportunity for thour of private consultation.

Seminar on June 29th, with consultation on 30th, at the

Cumberland Hotel, Marble Arch, London, The seminar includes: literature, lunch and private consultations, Registration must be received by June 26th, 1985. Please contact for information:

Commercial Consultants Int., Inc. c/o Mr Len Brammer

17 Monnow Street, Monmouth, Gwent NPS 3EF Telex: 498999 SEELIX G

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Alexander Colores **Berkeley Group beats forecast**

> At the time of the £3.2m rights issue in March the directors forecast profits of not less than £2.15m. Shareholders are to receive the promised final dividend of 2.4p for a total of 3.6p net per 25p share.

IN ITS first year on the USM good market despite the period the Berkeley Group has raised its profits before tax by £702,000 seguent to the interim report of increased interest rates sub-

For the full year to April 30, 1985 turnover surged from £10.16m to £18.16m. Operating than £2.15m. Shareholders are to receive the promised final dividend of 2.4p for a total of 3.6p net per 25p share.

The group, a specialist bousebuilder based at Weybridge, Surrey, is continuing to enjoy a £300,000 at £239,000.

Interest charges accounted for £478,000 (£233,000) and tax for sequent to the interim report last December.

For the full year to April 30, 1985 turnover surged from 1985 turnover surged from 1985 turnover surged from 1989 from 1

The group, formed some eight years ago by Mr Jim Farrer, the chairman, and Mr Tony Pidgley, the managing director, builds high quality properties princi-pally in prime locations in the south-east of England.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

(Incorporated under the Companies Acts 1948 to 1981 - No. 1759141)

Share Capital

There is the same Issued and to be issued fully paid

Authorised

£625,000

in Ordinary shares of 10p each

£525,000

Appletree PLC ("the Company"), with its subsidiaries, is principally engaged in the e marketing of vegetables and is one of the leading suppliers in the United Kingdom of quality prepacked fresh vegetables to major supermarket groups.

In connection with a Placing of 1,492,000 Ordinary shares of 10p each of the Company at 138p per share, application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the Company's issued Ordinary share capital in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing.

A proportion of the shares being placed has been offered, and will be available, to the public for application through the Market during Market hours today. Particulars concerning the Company are available in the Extel Unlisted Securities Market Service and copies of the Prospectus may be obtained until 2nd July, 1985 from:

Grieveson, Grant and Co., 59 Gresham Street, London EC2P 2DS.

19 Jone 1985

This advertisement complies with the requirements of the Council of The Stock Exchange and does not constitute an offer of, or invitation to subscribe for or purchase, any securities.



PUBLIC LIMITED COMPANY Issue of £20 million 111/2 per cent. Debenture Stock 2010

at £99.990 per cent.

In accordance with the requirements of the Council of The Stock Exchange \$2.0 million nominal of the stock is available in the market on 19th June, 1985. Listing particulars are available in the Extel Statistical Services and copies are available until

> Samuel Montagu & Co. Limited 114 Old Broad Street

London EC2P 2HY

W. Greenwell & Co. Bow Bells House **Bread Street**

London EC4M 9EL

3rd July, 1985 from:

Quilter Goodison & Co. **Garrard House** 31-45 Gresham Street London EC2V TLH

and at the registered office of Mansfield Brewery Public Limited Company at Littleworth, Mansfield, Nottinghamshire NGIS 1AB. Copies are also available from the Company Announcements Office, The Stock Exchange, London EC2P 2BT until 21st June, 1985.

particulars with regard to Kalon Group PLC required by The Stock Exchange (Listing) Regulations 1984, have been deliv Application has been made to the Council of The Stock Exchange for the whole of the share capital of Kalon Group PLC.

Listing

Kalon Group

(previously Leyland Paint & Wallpaper p.l.c.)

following the merger of Kalon Limited and Leyland Paint & Wallpaper p.l.c.

and the placing of 10,000,000 Ordinary shares of 15p each

S. G. Warburg & Co. Ltd.

County Bank Limited

Directors and advisers

Leslie Howard Silver, OBE, Chairman James Bruce McDonald, Deputy Chairman Oded Brosh

James Stephens Huntley Donald William Komrower, BA(Hons.), ATI George Edward Moore, FÇA Mark Simon Silver

Eric Smith, FTSC

Gervase Alan Thomas, MA, FCA (Non-executive)

all of Huddersfield Road, Birstall, Bat

Secretary and registered office

William Gordon Midgley Huddersfield Road, Birstall, Batley, West Yorkshire WF17 9XA

Auditors to Kalon and joint reporting accountants Robson Rhodes, Chartered Accountants,

186 City Road, London EC1V 2NU and St. George House, 40 Great George Street, Leeds LS1 3DQ

Auditors to Leyland and joint reporting accountants Peat, Marwick, Mitchell & Co., Chartered Accountants,

Stockbrokers

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

Unicentre, Lords Walk, Preston PR1 1LQ

Williams de Broc Hill Chaplin & Company Limited, Pinners Hall, Austin Friars, London EC2P 2HS

Solicitors

Ashurst, Morris, Crisp & Co., Broadgate House, 7 Eldon Street, London EC2M 7HD

Norton, Rose, Botterell & Roche, Kempson House, Camomile Street, London EC3A 7AN

Principal bankers

Lloyds Bank Plc, 6-7 Park Row, Leeds LS1 1NX

Registrars and transfer office

National Westminster Bank PLC, Registrars Department, P.O. Box 82, 37 Broad Street, Bristol BS99 7NH

Summary of information

The following information is derived from and should be read in conjunction with the full text of this document:-

Kalon Group, which has been formed from the merger of Kalon and Leyland, is a substantial independent British paint, surface coating and themical products group, with an annual turnover of some £70 million and employing over £400 people.

The Grouphas two main operating divisions. The Decorative Division sells a wide range of decorative paint, wallooverings and decorating sundaies to the retail and trade markets both in the United Kingdom and overseas. In recent years, the Group's growth has been achieved through the development of sales to DIY superstores and supermarket chains and to the trade through its national network of trade centres. The Industrial Division is a major supplier of polymers to the coming industry, manufactures paint and surface coatings for industrial applications and supplies

Prospects

The Directors believe that the separate trading strengths of Kalon and Leyland, combined with the financial, technical and managerial resources of the Group, provide potential for growth which should be significantly enhanced by opportunities for synergy. The Directors believe that the merger will benefit shareholders, employees and customers of the Group and will provide a more prosperous future than would otherwise have been available to either company.

Trading record of the Group

The following table summarises the pro-forma turnover and profit before taxation of the Group by aggregating the results of Kalon and the continuing operations of Leyland throughout the relevant periods. It should be noted that the table takes no account of the benefits which are expected to flow from the merger, nor does it reflect the results which might have been achieved had the two companies been merged for the full

		1 + 0111
Year ended 31st December	Turnover	before taxation
	0003	.000£
1980	32,623	2,395
1981	44,763	2,081
1982	55,315	1,523
1983 .	65,006	2,755
1984	- 69,258	2,512
Financial statistics		
Placing price per Ordinary share		30p
Number of Ordinary shares in issue	e	116,969,423
Market capitalisation at the placin	gprice	£35million
Forecast special dividend per Ord	inary share in respect of	the year
ending 31st December, 1985		0.8p
Indicated gross dividend yield at the	eplacing price*	5.7 percent.
Pro-forma net tangible assets per	Ordinary share	
as at 31st December, 1984		16.2p
*The indicated gross dividend yield is ca 0.8p represents two-thirds of a notional	culated on the basis that the fo full year dividend of 1.20.	recast special dividend of

Share capital

Issued and fully paid

Authorised

Ordinary shares of 15p each

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46.25

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All the 116,969,423 Ordinary shares in issue rank in full for all dividends and other distributions hereafter declared, paid or made on the Ordinary share capital of the

Indebtedness

outstanding secured bank overdrafts of £8,587,000, a debenture of £65,000, hirepurchase commitments of £1,189,000 and bills discounted of £252,000. Save as: aforesaid, and apart from intra-group liabilities, at that date neither Kalon nor Leyland nor any of their subsidiaries had any loan capital (including term loans) outstanding or created but unissued, nor any mortgages or charges, nor any other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire-purchase commitments, or guarantees or other material contingent liabilities.

The aboverious not take account of the net proceeds received on 22 and May, 1985 of . £554,070 in respect of the disposal of Leyland's investment in William Morris Fine Arts Public Limited Company. Details of the investment are set out in note 6(xi) of Part V.

Definitions

In this document, unless the context otherwise requires, the following expressions shall bear the following meanings: -

Kalon Group PLC (formerly Leyland Paint & "the Company" Wallpaper p.l.c.) 'Kalon Group' or 'the Group' the Company and its subsidiaries 'Kalon' Kalon Limited Leyland Paint & Wallpaper p.i.e. prior to the 'Leyland' merger 'the Directors' the Directors of the Company following the merger Ordinary shares of 15p each in the Company . 'Ordinary shares' 'the placing' the placing of Ordinary shares described in this

'Warburgs' S. G. Warburg & Co. Ltd. 'County Bank' County Bank Limited

Introduction

On 4th April, 1985 it was announced that agreement had been reached in principle for the merger of Kalon and Leyland with the aim of establishing a substantial independent British paint, surface coating and chemical products group. On 17th June, 1985, the merger, which involves the issue by Levland of 91.5 million Ordinary shares to acquire Kalon, was approved by the shareholders of Leyland. As part of the merger arrangements, 10,000,000 Ordinary shares have been placed in the market on behalf of Mr. Leslie Silver at a price of 30p. At this price Kalon Group has a market

Kalon Group combines two major United Kingdom paint companies which, while having similar technological backgrounds, serve largely different sectors of the paint market. The Group intends to maintain their separate identities and to support their existing brands and customers to the full, while improving service, marketing and purchasing to the benefit of customers, shareholders and

History

Kalon was formed in 1947 as Silver Paint and Lacquer Company Limited by the present chairman, Mr. Leslie Silver, and was renamed Kalon Limited in 1982. It began as a paint wholesaler but soon started to manufacture its own products. Initially, the principal products were various coatings for industrial applications, but in the late 1950s Kalon started producing emulsion paints and

In the late 1960s the company developed its own brand of paint, "Home Charm", which was launched through a supermarket chain based in Leeds. The company recognised the changing pattern of paint retailing involving a movement away from traditional paint outlets, such as ironny hardware shops, to the supermarket chains and emerging multiple DIY superstores. Kalon's successful response to this change was one of the cornerstones of its development.

The second secon

Over the last ten years the company has increased its share of the UK decorative paint market, principally by expanding sales of paint to large DIY retailers under the customer's 'own label'. Kalon has become the largest 'own label' paint manufacturer in the UK. In 1979 the company received the Queen's Award for exports.

PARTI

Since the early 1970s Kalon has expanded its activities by a combination of internally generated growth and acquisition. Smyth-Morris (Chemicals) Limited was established in 1971 to manufacture maintenance and cleaning chemicals. Kirklees Chemicals Limited was formed in 1974 to produce polymers and in 1975 Investors in Industry plc provided a loan of 1975,000 to enable Kalon to finance the installation of new plant and to modify the buildings at Kirklees Chemicals. Leeds Paint Manufacturing Company Limited, a well established local paint manufacturing company selling to more traditional trade and decorative retail outlets, and The New Victoria Wallpaper Company Limited, producing 'own label' embossed wallpaper, were acquired in 1977 and 1981 respectively.

In 1981 the company purchased for cash the Bestobell Paint and Chemical Company Limited ("Bestobell Paint") from Bestobell plc. Bestobell Paint's principal brand names are Carsons and Hadfields, although it also has some major 'own label' customers and an established industrial coating siness under the Hadfields name. Its principal market is the South of England, complementing Kalon's traditional strength in the North of England. Bestobell Paint's chemical division (now the Penetone and Horgen divisions) based in Cramlington, near Newcastle-upon-Tyne, makes and distributes a range of cleaning and maimenance chemicals.

During the last 5 years Kalon has successfully implemented a £13 million investment programme to support its growth. In 1983, as part of this programme, Kalon purchased a 60 acre site at Birstall, near Leeds, and has established a modern, automated factory, a warehouse and its head office on the site. The factory, which is amongst the most modern paint manufacturing facilities in Europe, was ned in February 1985 and is now fully operational.

Leyland was founded in 1922 as Leyland Paint & Varnish Company Limited primarily to manufacture and sell water based paint under the trade mark "Leytex", but it rapidly expanded into the production of a wide range of oil paints for decorative purposes. From the outset it has produced a high-quality product aimed at the discerning tradesman and quality market and, in parallel,

developed a wallpaper distribution business.

Leyland obtained a stock market quotation in 1956 and in 1971 changed its name to Leyland Leyland obtained a stock market quotation in 1956 and in 1971 changed its name to Leyland Paint & Wallpaper Limited. Between 1959 and 1980 Leyland continued to expand, largely by acquisitions. These included Paragon Wallpapers Limited, which provided Leyland with a wallpaper production capability: Regency Paints Limited, a wholesale and retail wallpaper and paint organisation in Scotland; and Blaskeys (Wallpapers) Limited, which provided 35 additional retail outlets. In 1972 Leyland acquired John Matthews & Co. Limited, manufacturers of the "Jellipex" brand, and its chain of 23 specialist shops. By 1980 the number of trade and retail outlets had been increased by further small acquisitions to 130, including 27 trade centres.

increased by further small acquisitions to 130, including 27 trade centres.

Between 1980 and 1982 falling volume and rising costs caused Leyland's profits to deteriorate and substantial losses were incurred in 1982 and 1983. In 1983 major steps were taken to reconstruct the company, including the disposal or closure of the retail shops, and a major cost reduction and rationalisation programme was implemented. In the same year a new board under the chairmanship rationalisation programme was implemented, in the same year a new coard under the chairmanship of Mr. Gervase Thomas was established and subsequently Mr. James McDonald joined the company as managing director. Hambros Bank Limited and other institutions, led by York Trust Limited, as managing director. Framoros Dank Limited and other institutions, set by York 1 rust Limited, subscribed £1.7 million of new equity in April 1984. On 17th December, 1984 the sale of Leyland's wallcovering interests to William Morris Fine Arts Public Limited Company and the disposal of its shares in Berkley Wallcoverings Inc. to Canadian investors were finalised, realising approximately £5

By the end of July 1985, Leyland will have completed a substantial investment programme to install up to date methods of paint manufacture and of process control at its factory in Leyland. In addition it is continuing to develop its trade centre-network which currently comprises 40 of its own units and a growing number of franchised units.

Business

Summary

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The Group has two main operating divisions: -

- (1) the Decorative Division, which manufactures, processes and markets gloss and emulsion paints under well known brand names together with customers' 'own label' paints, and embossed wallpapers under the New Victoria Wallpaper name; and
- (2) the Industrial Division, which is a major supplier of polymers to the coating industry, manufactures paint and surface coatings for industrial applications and supplies cleaning, maintenance and protective chemicals.

In the year ended 31st December, 1984, approximately 85 per cent. of Kalon Group's sales were in the United Kingdom. An analysis of turnover by division is set out below:-

• •	United Kingdom	Exports	Tota
	0003	£000	£000
The Decorative Division			
— Kalon -	31,448	3,762	35,210
- Leyland	13,692	2,204	15,896
	45,140	5,966	51,106
The Industrial Division, net of intra-group		•	
sales	14,011	4,141	18,152
	59,151	10,107	69,258

The Decorative Division

Competitors, products and customers

The UK decorative paint market is supplied principally by UK based manufacturers. There are some 200 decorative paint manufacturers in the UK, of which the largest are IC1, Crown and Berger. The majority of decorative paint is sold under the manufacturers' own brand names, such as ICI's "Dulux", although increasingly paint is being sold under customers' 'own label'. The decorative paints astivities of the major manufacturers generally form only a part of the activities of their respective groups. Kalon, Blundell Permoglaze and Johnstones Paints are the only publicly quoted companies whose primary business is the manufacture of decorative paint.

The principal products of Kalon's decorative division are emulsion and gloss paint which represent approximately 85 per cent. of the division's sales. The remainder comprises wallpapers and

The mix of Kalon's sales has reflected the increasing importance of the DIY superstores in the 'own label' retail paint market. Kalon's modern manufacturing facilities enable it to provide the service and support required by such customers.

Kalon's own brands, the most popular of which are "HomeCharm", "Carsons", "Carsons Colouriser" and "Deloria", are sold in supermarkets and independent retailers. The "Hadfields" brand is sold exclusively to the trade and local authorities.

Export sales are primarily to wholesalers and retailers in the Middle East, especially Saudi Arabia and Oman.

Leyland

Leyland's principal products are its high quality "Leyland" brand emulsion and gloss paints. The main range is supported by an extensive range of specialist paints, other brands such as "Jellipex" and sales of wallpaper and decorating sundries. Through its growing network of trade centres, which offer a highly efficient and local service to customers, Leyland sells extensively to independent retailers and trade customers, from the small decorator to the large contractor and local

In 1984 approximately half of the UK sales of "Leyland" paint were through independent retailers while, in the trade market, Leyland is able to offer a comprehensive service to the tradesman through its chain of trade centres and remains one of the largest independent distributors of wallcoverings in the UK.

Marketing, selling and distribution

Kalon

Kalon's 'promotional and advertising expenditure is relatively low, being principally expenditure on point of sale displays, new colour cards and brochures. Kalon considers that it benefits from the extensive advertising of point as a product by the brand leaders but does, however, rely on its own label' customers to market their products and from time to time supports these customers' own advertising campaigns.

Kalon's sales representatives visit each customer's store on a regular basis, providing each outlet with both an in-store display and a stock replenishment service. This service, supported by effective national distribution, which provides regular and reliable delivery, is a key feature of Kaloo's expanding sales. Kalon's distribution is mainly carried out by its own transport division which serves both the Decorative and Industrial Divisions.

An export sales team regularly visits customers and agents abroad, and export sales are made primarily through locally appointed agent

Leyland

Leyland has a national sales force of some 50 salesmen and managers who are supported by selective marketing and media coverage. Leyland's sales office provides immediate product availability information and a wide range of technical and colour advisory services, including complete technical specifications and the provision of colour schemes. Leyland's growing oumber of owned and franchised trade centres, which are situated in most of the important conurbations in the UK provide all customers with local contact and support. Leyland distributes from its central warehouse to its trade centres, which then provide a collection and delivery service to customers in

Leyland exports approximately 15 per cent. of its products mainly to Middle Eastern markets, where customers are visited regularly by Leyland's own export sales staff.

Production

Kalon

Kalon's paint production facilities include its modern factory in Birstall, which was commissioned in February 1985; it also has factories at Morley and Mitcham. In the new Birstall plant, the production process is automated and all powder and liquid bandling is computer controlled. The plant bas been designed specifically to provide the necessary production capacity for Kalon's current operating level, whilst providing the flexibility to meet significant additional demand by increasing capacity at minimal extra cost.

Production of Leyland's paint range takes place at its factory at Leyland, which is currently undergoing modernisation and has been designed to provide the efficient and flexible production base necessary in support a complete range of products, colours and specifications for both trade and retail

The Industrial Division

The Industrial Division has three main activities:-

Emulsion polymers

Kirklees Chemicals manufactures polymers, primarily for use in the manufacture of emulsion paint. These products form up to 35 per cent. of the material content of emulsion paint. Kirklees currently supplies 80 per cent. of Kalon's requirements for emulsion reain and some 27 per cent. of its sales are exported to the EEC and the Middle East. It is concentrating on increasing its sales in the expanding market in the adhesives and building products industries worldwide.

Chemicals for industrial applications

Smyth Morris Chemicals (including Srayth Morris S.A. in Spain), Penetone and Horgen produce and distribute a range of degreasers, soaps and chlorinated solvents for a variety of industrial cleaning applications, especially in the engineering, electrical and electronics industries. It is one of the three main distributors in the UK of 111 trichlorethane and methylene chloride for the Dow Chemical Company of America.

Industrial coatings

Hadfields Industrial Coatings, based principally in Mitcham, Surrey, manufactures and supplies a range of industrial paints and coatings to various industries; the extensive product range includes vehicle refinishing systems, electrical insulating varnishes, thinners, primers and undercoats. It is the UK member of "The Nova Paint Club" and thereby participates in the exchange of surface coatings technology with eight overseas manufacturers. A joint venture, SFD (Great Britain) Limited, is being established with Société Française Duco, a leading French manufacturer of vehicle refinishing systems to promote jointly a range of car refinish products, which are sold through

The above activities are supported by sales and manufacturing facilities which are separate from those of the Decorative Division

Research and development

Whilst retaining their separate identities, close co-operation between the two research and development departments will provide the Group with a strengthened technical base. Both departments concentrate mainly on quality control and the development of improved product formulations with the prime intention of achieving a more effective production process, whilst maintaining product quality and performance.

Kalon has developed, and continues to develop, several new products, including solid matt emulsion, smooth stone paint and a new range of wood preservative products. Leyland has recently developed a microporous water based gloss paint known as Leyland 2000, launched in March 1985 and a 'user friendly' water based wood preservative.

The Industrial Division has recently developed and launched a number of new products including the 2400 Series high-binding polymer and "Citrikleen", a bio-degradable degreaser.

Directors, management and employees Directors of the Company

Leslie Howard Silver, OBE, aged 60, is Chairman and Chief Executive. He founded Kalon in 1947 and has been largely responsible for its subsequent growth and development. He is a past President of the Paintmakers Association and other trade bodies and is currently a member of the Yorkshire, Humberside and East Midlands Regional Industrial Development Board, a nonexecutive director of Shaw Carpets plc and Chairman of Leeds United Football Club Limited.

James Bruce McDonald, aged 40, is Deputy Chairman and an executive director. After qualifying as a barrister, he has had wide managerial experience in the building materials and engineering industries with Redland plc and Johnson & Firth Brown plc and a period of four years with a US management consultancy company. He joined Leyland as Managing Director in

Oded Brosh, aged 38, is Operations Director with responsibility for purchasing and operations iding warehousing, transportation and distribution. He is a son-in-law of Lealie Silver and joined Kalon in 1977 following a career in transport and shipping. He was appointed a Director of Kalon in

James Stephens Huntley, aged 54, is Chief Executive of the Decorative Division. He joined Kalon as a Director in 1982 having previously been sales director of the resin division of Cray Valley Products Limited, a subsidiary of Coates Brothers PLC.

Donald William Komrower, BA(Hons), ATT, aged 36, is Chief Executive of the Industrial Division. He is a son-in-law of Leslie Silver and joined Kalon in 1974 having previously worked in the textile industry. He was appointed a Director of Kalon in 1978.

George Edward Moore, FCA, aged 48, is Finance Director with overall responsibility for finance, compuong and general administration. He joined Kalon as a Director in 1977 following a career in finance, industrial engineering, operational research and management consultancy with Pilkington Brothers plc, The Plessey Co. plc and Robson Morrow. Mark Simon Silver, aged 25, is the Director responsible for Hadfields Paints within the Decorative Division. He is the son of Leslie Silver and joined Kalon in 1977 as a trainee. He was

appointed a Director in 1984. Eric Smith, FTSC, aged 42, is the Technical Director with responsibility for quality control and research and development in the Decorative Division. He has been with Kalon for 26 years and was

appointed a Director of Kalon in 1971. Gervase Alan Thomas, MA, FCA, aged 55, is a non-executive Director of the Group. Prior to the merger he was Chairman of Leyland, a position which he assumed in June 1983, having joined Leyland as a ooo-executive Director in 1982. He is also a Director of York Trust Holdings Limited

Certain of the executive directors of Kalon Group have service agreements, details of which are set out in paragraph 4 of Part VI.

Company Secretary

and Park Place Investments p.l.c.

William Gordon Midgley, aged 64, is Company Secretary, He joined Leeds Paint Manufacturing Company Limited in 1971 and, following its acquisition by Kalon in 1977, was appointed Company Secretary of Kalon.

Management

The Board is supported by a professional team of senior executives, drawn from Kalon and Leyland, with a wide range of experience in the industry who are responsible for the management of the operating companies and essential group services. This team, assisted by the efforts and loyalty of all the Group's employees, provide the basis for the continuing success of the business.

Employees

The Group has the following number of employees:-

The Decorative Division The Industrial Division Finance and administration		200 1.1 1.		1,063 316 98 1,477
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The Group has a good relationship with its employees. The Directors consider that the continuing motivation of management and employees is vital for the success of the Group and have therefore recently adopted an executive share option scheme under which it is proposed to issue options as soon as practicable. They are extending the Leyland Savings-Related Share Option Scheme to all employees of the Group to enable them to identify closely with its financial performance and to provide longer-term financial incentives. Kalon operates a profit sharing scheme whereby all employees with over six months' employment may qualify for a share of its profits and the Directors also intend to extend that scheme to all Group employees.

Following the merger, the Group will continue to operate the pension schemes previously operated by the two companies. In due course, these schemes may be combined without loss of benefit m members. Reports received from the funds' actuaries have indicated that each is fully funded on the basis of past service and expected final pensionable salaries at oormal retirement date.

Financial information

Trading record of the Group

The following table, based on the pro-forma financial information set out in Part III, summarises the results of the Group (under the historical cost convention) for the five years ended 31st December, 1984 by aggregating the results of Kalon and the continuing operations of Leyland throughout the relevant period:—

.c.o.m.c per					
Year ended 31st December	1980	1981	1982	1983	1984
-	£000	£000	£000	£000	£000
Turnover	32,623	44,763	55,315	65,006	69,258
Profit before interest and taxation	3,143	2,748	2,350	3,604	3,317
Share of profit/(loss) of related			PΛ	10 2	
companies	_	_	30	(2)	4
Net interest payable	<u>(748)</u> .	(667)	(857)	<u>(847)</u>	(809)
Profit before taxation	2,395	2,081	1,523	2,755	2,512
Represented by:					
Kalon	1,194	1,485	1,394	3,302	3,071
Leyland	1,201	596	129	(547)	(559)

It should be ooted that this table takes no account of the benefits which are expected to flow from the merger, nor does it reflect the results which might have been achieved had the two companies been merged for the full five years.

Whilst the acquisition of the paint and chemical operations from Bestobell in May 1981 substantially increased Kalon's turnover, the existing businesses have achieved a strong growth record in an industry sector which has seen little growth over the same period. This growth record, particularly in 1983, has been achieved by Kalon's ability in increase its sales to the expanding DIY superstores and national supermarket chains.

The growth of Leyland's turnover between 1980 and 1983 was largely attributable to the growth in paint sales to its chain of retail shops. The reduction in turnover in 1984 reflects the loss of these sales owing the disposal of most of its shops.

After absorbing the costs of acquiring and revitalising the paint and chemical operations of Bestobell during 1981 and 1982, Kalon's results in 1983 show the benefits of the growth in turnover achieved both by the acquisition and by increased sales to the large retailers.

Kalon's results for 1984 reflect the exceptional revenue costs and the disruption to the business incurred as a necessary but inevitable consequence of the extensive investment in the group's future through its major new facilities at Birstall.

During the four years to 1983 Leyland suffered a severe decline in its profitability and underwent major reorganisation in 1983 and 1984. This included the sale of most of its retail shops, its wallcovering interests and its shares in Berkley Wallcoverings Inc. together with a substantial reduction in overheads and bank borrowings.

Net assets

The pro-forma net assets of the Group (under the historical cost convention) as at 31st December. 1984, as shown in Part III, amounted to £19.0 million, representing 16.2p per Ordinary share on the npany's enlarged share capital.

Dividends

In the absence of unforescen circumstances, the Directors intend to pay in February 1986 a special interim dividend in lieu of a final dividend of 0.8p per Ordinary share (net of the associated tax credit) in respect of the year ending 31st December, 1985.

The Directors totend in future years to pay an interim dividend in November and to recommen a final dividend for payment in July. It is intended that one-third of the annual dividend would be paid by way of the interim dividend and two-thirds by way of the final dividend.

Corrent trading

The volume of Group sales in January and February was disappointing, but there was an encouraging recovery in March which has since been sustained. Although the increases in raw material costs experienced in the latter half of 1984 are continuing, the Group has recently implemented increases in selling prices to reflect this. Profits of the Group will be weighted towards the second half of the year, reflecting the seasonal pattern of paint sales.

Whilst the full benefits of Leyland's continuing recovery and of the commissioning of Kalon's new factory at Birstall have yet to be realised, the Directors believe that the current trading level provides a good base for growth.

Prospects

Kalon's strong position in the supply of 'own label' paints to DIY superstores, which are ming an increasingly important position in the decorative paint market, complements Leyland's well-established high-quality brands in the retail and trade markets. In addition, although both companies supply similar export markets, there is very little overlap between Kalon and Leyland in the customers served. The Group intends to use its financial strength to develop its brands and trade centres and to develop and support new products and customers.

In the Industrial Division, the Group is continuing to expand its chemical businesses, particularly by the development of new products, including high-binding polymers, resins for the adhesives market and a variety of chemicals for the industrial cleaning market. The industrial coatings business achieved good growth in 1984 and, despite the depressed level of industrial manufacturing activity, continues to perform well.

The full benefits of Kalon's new facilities at Birstall, commissioned in February, Leyland's major reorganisation completed in January and its factory modernisation to be completed by the end of July are becoming available to the Group progressively during 1985.

The Directors consider that the combination of Kalon and Leyland will provide significant operating advantages in such areas as purchasing power, rationalisation of raw material supplies, flexibility of manufacturing resources and access to each company's distribution system. Further development of product formulae utilising modern terhnology and the co-ordination of the separate research and development teams should produce manufacturing benefits in addition to new market

The Directors believe that the separate trading strengths of Kalon and Leyland, combined with the financial, technical and managerial resources of the Oroup, provide potential for growth which should be significantly enhanced by opportunities for synergy. The Directors believe that the merger will benefit shareholders, employees and customers of the Group and will provide a more prosperous future than would otherwise have been available to either company,

PART III

Pro-forma financial information on the Group

Set out below are pro-forma profit and loss accounts for the five years ended 314 December, 1984, aggregating the results of Kalon and the continuing operations of Leyland throughout the relevant period, and a pro-forma statement of the aggregated oet assets at that date. The pro-formas are based on the historical cost accounts in the is' reports set out in Parts IV and V

Pro-forms profit and loss account

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		1980	1981	1982	1983	1934
Turnover	Note	£000	0003	£000	0000	£000
Kalon		18,234	29,028	38,364	47,910	53,362
Leyland		t4,389	15,735	16.951	17,096	t5,896
		32,623	44, 763	55,315	65,006	69,258
Profit/(loss) before interestantion	est and					
Kalon		. 1,721	-1,973	3,982	3,890	3,626
Leyland		t,422	775	368	1286)	(309)
		3,143	2,748	2,350	3,604	3,3t7
Share of profit/(loss) of re	lated					
Kalon		_	_	-	(26)	(6)
Leyland		_	_	. 30	24	10
				30	(2)	
Interest payable				_		
Kalon		527	488	588	562	549
Leyland		221	179	269	285	260
		748	667	857	847	809
Profit/(loss) before taxati	icte					
Kalon		1,194	1,485	1,394	3,302	3,071
Leyland		1,201	596	129	(547)	(559)
		2,395	2.081	1,523	2,755	2,512
Notional taxation	(iii)	838	728	533	964	879
Profit after notional taxa	tion	1,557	t,353	990	J,79 t	1,633
Notional earnings per sh	are (iv)	1.33p	t.t6p	0.85p	1.53p	1.40p
Massa						

(i) The above pro-forma summary of the results for the five years to 31st December, 1984 includes:

- the consolidated profit and loss accounts of Kalon as shown in the accountants' report in Part IV of this (a) document showing the profit on ordinary activities before taxation, adjusted to exclude prenterest costs relating to the major capital development at Birstaff of £118,000 in 1983 and £356,000 in 1984;
- the consolidated profit and loss accounts of Leyland as shown in the accountants' report in Part V of this document showing the profit/(loss) on ordinary activities before taxation of the continuing operations of Leyland, adjusted: to include the costs relating to unused properties which are still owned by Leyland of £189,000 in 1983 and £272,000 in 1984;
 - —to remove certain overheads from the stock valuation of Leyland, the consequence of which is to increase the losses by £156,000 in 1983 and £37,000 in 1984.
- (ii) Following an actuarial review of the Leyland pension fund, no employer's contributions have been made since April 1984 and no further employer's contributions are required in respect of existing members until April 1986. The estimated consequential reduction to employer's contributions for the continuing operations of Leyland in

(iii) No meaningful corporation tax charge can be computed assuming Kalon and the continuing operations of Leyland had been combined throughout the five year period. Accordingly, for the purpose of the above pro-forma, notional corporation tax at 35 per cent. has been assumed, being the rate of corporation tax applicable from 1st April, 1986. (iv) Notional earnings per share have been based on the profit for each year after the notional tax charge and on the 116,969,423 Ordinary shares of 15 peach which will be in issue following the merger with Kalon.

Leyland

2. Pro-forms statement of net assets at 31st December, 1984

	£000	£000	£000
Fixed assets			
Tangible assets	15,070	2,931	18,001
Investments	94	9t	185
	15, t64	3,022	18, t86
Corrent assets			
Stocks	B, 727	2,944	tt,67t
Investments	— ·	690	690
Debtors	11,622	2,489	14,t1t
Cash at bank and in hand	22	30	52
	20,371	6,153	26,524
Creditors: Amounts falling due within one year:			
Bank overdraft	5,042	998	7,040
Creditors and accruals	13,12t	3,700	16,82t
	t9, 163	4,698	23.861
Net current assets	t,208	t,455	2,663
Total assets less current liabilities	16,372	4,477	20.849
Creditors: Amounts falling due after more than one year	(402)	· —	(402)
Provision for liabilities and charges	(1,422)	(29)	(t.451)
	t4,548	4,448	t8,996
Capital and reserves			
Called up share capital			17,525
Reserves			•
Share premium			112
Profit and loss account			1,359
Shareholders' funds			t8,996

(i) The above pro-forms statement of net assets at 31st December, 1984 is based on:

the consolidated balance sheet of Kalon as shown in the accountants' report in Part IV of this the consolidated balance sheet of Leyland as shown in the accountants' report in Part V of this

document adjusted in reflect the following as if they had taken place at 3 tst December, 1984: -the receipt on 15th January, 1985 of £2,081,000 being the balance of the proceeds from the sale of the

—the receipt on 15th January, 1985 of the proceeds of £1,673,000 from the disposal of the investment in Berkley Wallcoverings Inc.;

—the payment of outstanding trade creditors of £1,615,000 and the collection of outstanding trade debtors of £1,977,000 of the wallcoverings operation; and to remove certain overheads amounting to £193,000 from the stock valuation of Leyland, m as to be on a comparable basis with Kalon.

(ii) The capital and reserves shown above assume the issue of 91,500,000 Ordinary shares of 15p each for the acquisition of Kalon. The merger has been accounted for in accordance with Statement of Standard Accounting Practice No. 23 on accounting for acquisitions and mergers. (iii) The above pro-forms statement of net assets does not take into account the costs of the application for listing

ated at £650,000.

Accounting policies
 The accounting policies adopted by Kalon and Leyland, which are set out in the respective accountants' reports, do not differ in any material respects.

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E 99/07/2000 (1997)	de ve					(J. e. c.	Note in the consolidated source and a	_					(viii) Earnings per share	rdinary iten	on and on th
	de la constant	MALE		i ikangga			Summary of the effects of the acquisit Wallpaper Company Limited in 1981:—	ion of Bestobell P	eints and Ch			iew Victoria	Examings per share are based on the profit for the year after taxation but before extraor assumption that 91.5 million Ordinary shares of 15p each in Kalon Group PLC are to a 350,000 Ordinary shares of \$1 each in Kalon Limited, which have been in issue through	hour the per	the holders o
		ants' rej	•				Net assers acquired: Tangible fixed assets	·					(ix) Tangible fixed assets		
The following is a copy of a rep Mitchell & Co., Chartered Accou Warburgs and the Directors of Co	ntants, to	the Directors	Rhodes, Cha of Kalon, the	e Directors of	ntants, and Per Leyland, the	nt, Marwick, Directors of	Stocks Debtors			2,	472 109		Cox	reciution £000	No book valu 200
Robson Rhodes	,			Pea	r, Marwick, M		Bank balances Creditors Deferred taxation		•		4 525) 401)		Freehold property 7,806	277 38	7,52 19
186 City Road London EC1V 2NU						Unicentre Lords Walk Preston	Consolidation reserve arising on acquisitio Cash paid	a		(1,	057) 785		Lesschold property Plant and equipment Motor vehicles 10,038 S,358 Motor vehicles	4,513 1,536	- 5,32 , 1,82
			•	•	40.	PRI ILQ	5. Accounting policies						21,434	6,364	15,07
The Directors, Kalon Limited					191	h june, 1985	The principal accounting policies which set out in this report are as follows:—	h have been cons	istently applic	ed in prepario	gthe financial	information	The freehold property at Birstall, West Yorkshire was valued at 31st December, Houlston and Partners, Chartered Surveyors, assuming open market value for existing the at £5,230,000. The remaining freehold properties, having a book value of £2,299,000, having a book value of £2,299,000, having the materially different properties.	more been	valued. In th
The Directors, Leyland Paint and Wallpaper p.l.e	.						(a) Accounting convention						as £5,230,000. The remaining freehold properties, having a book value of the Directors of Kalon Limited, the book value would not be materially differentiated of the Directors of Kalon Limited, the book value would not be materially different to the Directors of Kalon Limited, the book value would not be materially different to the Directors of Kalon Limited, the book value would not be materially different to the Directors of Kalon Limited, the book value would not be materially different to the Directors of Kalon Limited, the book value would not be materially different to the Directors of Kalon Limited, the book value would not be materially different to the Directors of Kalon Limited, the book value would not be materially different to the Directors of Kalon Limited, the book value would not be materially different to the Directors of Kalon Limited, the book value would not be materially different to the Directors of Kalon Limited, the book value would not be materially different to the Directors of Kalon Limited in the Directors of Kalon L	rent from st	sarket value.
The Directors,							The accounts are prepared under the h assets.	istorical cost conv	rention, as an	ended by the	revaluation of	certain fixed	(x) Investments At 31st December, 1984:—	0002	£00
S. G. Warburg & Co. Ltd. The Directors,		•					(b) Basis of consolidation.		٠.				Listed investments at cost (market value £81,000) Related company:	. 39 .	· · ·
County Bank Limited							The consolidated accounts comprise to acquired during a year are included from credited to reserves in the year of acquisition	the date of acquir	mited and its sizion. Goods	subsidiaries. vill or reserve	The results of a arising are v	subsidiaries written off or	Shares at cost Lest: share of accumulated losses	(31)	
Gentlemen,							(c) Turnover	AL.					Unlisted investment		. 9
Kalon Limited							Turnover represents the invoiced value	e of deliveries ex	cluding value	e added tax ar	ad intra group	sales	The related company is Summit Chemicals Limited, a company incorporated in the which Kalon Limited owns 50 per cent. of the issued share capital.	e Republic	of Ireland, o
1. Introduction							(d) Regional Development Grants Assets which qualify for Regional Dev	elopment Grant	s are stated at	their net cost	. after deduct	ion of erants	(xi) Stocks		£00
We have examined the finance years ended 31st December, 1984.	ial inform Our exac	ation set out b nination has b	elow of Kalon cen carried or	Limited and at in accordan	its subsidiarie ce with appro	s for the five ved auditing	received. (e) Depreciation			,	•		At 31st December, 1984:— Raw materials Finished goods		4,51 4,21
standards. Robson Rhodes have been au							Depreciation is provided in equal am anticipated useful lives. Estimated useful li	ounts each year i	in order to w	rite off the cos	st of fixed asso	ts over theiri'			8,72
The financial information set subsidiaries after making such adju	out in thi	s report is bas s we consider	ed on the auc appropriate.	dited accounts	of Kalon Lin	nited and its	Freehold buildings	50 years					(xii) Debtors At 31st December, 1984-		.000
In our opinion, the financial i purpose of this document, under the	e historic	al cost conven	tion, a true a	nd fair view o	f the profit and	d source and	Leasehold buildings Plant and equipment Motor vehicles	40 years 3 to 10 years 4 and 5 years	:			٠.	Trade debtors Other debtors		10,25 27 33
application of funds of Kalon Limited an	ed and its d its subsi	subsidiaries for diaries at that	or the five year date.	rs ended 31st l	December, 19	54 and of the	Freehold land does not bear depreciat		iginal cost of p	purchase was	separately ide	ntified.	Prepayments Related company Advances m directors (since repaid)	:	64
lo our opinion, the financial in prepared in accordance with the pol	icies and n	octhods describ	the heading C bed in the note	Current Cost /	Accounts has b re the informat	een properly ion required	(f) Stocks						and the second s		11.62
by Statement of Standard Account No audited accounts of Kalon	Limited o		beidiaries have	e been made u	p in respect of	any periods	Stocks and work in progress are stated In establishing cost, stocks and work in					purchases or	All the above amounts fall due within one year. (xiii) Bank overdraft		.: .
subsequent to 31st December, 198							production. On this basis, cost comprises: Raw materials	Purchase price					The bank overdraft is secured by a fixed charge on ceresio freehold property of Kal	on Limited	L · · · ·
HISTORICAL COST ACCOUN 2. Consulidated profit and loss							Work in progress and finished goods	Raw materials, and attributable	direct labou				(xiv) Other creditors At 31st December, 1984:—		200
The profit and loss accounts of		nited and its sui	bsidiaries for t	the five years o	anded 31 st Dec	cmber, 1984	Net realisable value is based on estimat				urther costs es	spected in be	Hire purchase Corporation tax		. 1,26 . 98
are set out below;—		1980	1981	1982	1983	1984	incurred on completion and disposal. (g) Taxation.						Other taxes and social security Other creditors Accruals		96 48
Turnover Cost of sales	Note (i)	£000 18,234 (12,243)	£000 29,028 (19,107)	£000 38,364 (25,987)	47,910 (31,510)	£000 53,362 (35,347)	The charge for taxation is based on the timing differences between the treatment of					d because of	Debenture .		4,55
Gross profit Consequential loss insurance		5,991	9,921	12,577	16,400	18,015	Provision is made for deferred taxation arise in the foresceable future at the rate like	n m the extent tha	at there is a re	asonable proi	hability that a	liability will	(xv) Creditors: Amounts falling due after more than one year		
claim	(ii)	6,166	9,921	12,377	16,400	18,015	(b) Foreign currencies	esy to be in lorce	when the hal	онну стумань	SCS,		At 51st December, 1984:— Between two and five years:		.003
Distribution and selling costs Administrative expenses		(3,292) (1,153)	(5,632) (2,516)	(7,432) (2,963)	(9,038) (5,472)	(10,269) (4,120)	Transactions in foreign currencies are: and liabilities denominated in foreign curre						Debenture Hire purchase	· .	57
Operating profit Share of loss of related company	(iii)	1,721	1,973	1,982	3,890 (26)	3,626 (6)	date.	and to minimum		o cathange	contrig at the D	MINISC SACE	The debenture is secured by a fixed charge on certain freehold property of Kalon Limite	d.	
Interest payable Profit on ordinary activities before taxation	(v)	(527)	1,485	(588) 1,394	(680) 3,184	<u>(905)</u> 2,715	(i) Research and development Research and development expenditu	re is written off is	n'the vear in	which it is inc	urred.		(xvi) Provision for liabilities and charges	.	
Tecation on profit on ordinary activities	(vi)	(567)	(674)	(617)	. (1,160)	(967)	(j) Pensions			.,			Deferred taxation at 51st December, 1984 calculated at the rate of 35 per cent. (beinability is expected to crystallise):—	ng the rate	at which sh
Profit on ordinary activities after taxation	.,	627	811	777	2,024	1,748	Kalon Limited operates a contributory final salaries. Contributions are charged to						Accelerated capital allowances Other timing differences		£00(1,41)
Extraordinary nems after (axation	(খা)	1,127	(63)		696	1,098	current funding requirements are made even. 6. Notes to the historical cost accounts	ery three years.					Other mining minerances	•	. 1,42
Retained profit for the year Earnings per share	(viii)	1,754 0.7p	748 0.9p	777 0.9p	2,720 2.2p	2,846 1.9p	(i) Turnover The turnover of Kalon Limited and				the fine means		Had provision been made for descreed taxation on all timing differences the liabilities.	ity would i	
							December, 1984 was:—	1000	1001			1984	Accelerated capital allowances Other timing differences		2,914
 Consolidated balance sheets The consolidated balance sheet 	ts of Kalor	a Limited and	its subsidiario	es at 31st Docc	mber, 1980 to	1984 arc set	United Kingdom	,£000- 14,762	£000 24,058	.£000 -32,600	£000 40,458	2000 45,459	Capital gains tax rolled over Capital gains tax on revaluation of property	;	610
out below:—		1980	1981	1982	1983	1984	Rest of Europe Middle East	3,472	4,970	2,646 3,118	3,613 3,839	3,328 4,575	(xvif) Called up share capital		3,670
Fixed assets	Note	4000	0003	0002	0000	2000		18,234	29,028	38,364	47,910	53,962	At 31st December, 1984:— Authorised		£000
Tangible assets Investments	(ix) (x)	4,145	6,279 64	6,922	11,484 106 11,590	15,070 94	(ii) Consequential loss insurance claim The claim arose following a fire in the pa	evious year and r	cpresents the	proportion of	the daim rela	ing to 1980.	500,000 Ordinary shares of £1 each		500
Current assets Stocks	(+1)	4,190 3,678	6,543 5,896	6,967 5,970	6,679	15,164 8,727	(iii) Operating profit				1		Allotted, called up and fully paid 350,000 Ordinary shares of £1 each	٠.	350
Debtors Cash at bank and in hand	(xi) (xii)	4,380 47	7,497 21	8,488 19	9,953 158	11,622 22	Operating profit is stated after charging:—	1090	. 1001	1000	1000	1004	(xviii) Reserves 1980 1981 1982	1002	. 100
Creditors: Amounts falling due		8,105	13,414	14,477	16,790	20,371	Directors' emoluments	1980 2000 180	1981 £000 219	1982 £000 379	1983 £000 417	1984 £000 489	£000 £000 £000 Balance at start of year 2,263 4,017 5,822	£000 ·	1984 £000 - 9 319
within one year Bank overdraft Trade creditors	(xiii)	(2,535) (2,934)	(3,156) (5,961)	(3,167) (5,590)	(3,642) (7,179)	(6,042) (8,569)	Depreciation Auditors' remuneration Hire of plant	500 21	992 31 127	1,206 30	1,432 30 38	1,659 32 16	Reserves arising on acquisition of subsidiaries — 1,057 — Retained profit 1,754 748 777	9 700	
Other creditors	(xiv)	(1,164)	(1,750)	(2,738) (11,495)	(4,708) (15,529)	(4,592) (19,163)	(iv) Employees		127				Surplus arising on revaluation of freehold property	2,720	2,846
Net current assets Total assets less current		1,672	2,547	2,982	1,261	1,208	The average number of people employed 31st December, 1984 was as follows:—	d by Kalon Limit	od and its sub	sidiaries in car	ch of the three	years ended	Balance at end of year 4,017 5,822 6,599	9,519	14,198
liabilities Creditors: Amounts falling due		5,862	8,890	9,949	12,851	16,572	Production			1982 359	1983 . 361	1984 384	(xix) Commitments At 31st December, 1984:—		
after more than one year Provision for liabilities and charges	(xv) (xvi)	(270) (1,225)	(486) (2,232)	(418) (2,582)	(481) (2,701)	(402) (1,422)	Sales and distribution Administration			380 162	397 188	468 197	Future capital expenditure Contracted for but not provided in accounts		273
Capital and reserves	()	4,367	6,172	6,949	9,669	14,548				901	946	1,049	Authorised but not contracted for		50
Called up share capital Reserves	(xvii) (xviii)	350 4,017	350 5,822	350 6,599	350 9,319	350 14,198	Costs in respect of these employees:— Wages and salaries Social security costs			£000 6,237 632	£000 6,902 652	£000 8,383 724	b) Pensions The trust deed of the fund requires actuarial valuations to be made at least every till.	rec vears.	Preliminary
		4,367	6,172	6,949	9,669	14,548	Pension com			7,275	8,030	9,714	results of the valuation made as at 5th April, 1985 indicate that the assets will, on the actuaris sufficient to provide the benefits specified in the rules.	assumption	ms made, be
4. Consolidated source and app	dication (of funds states	ments		dia andras dia a		(v) Interest payable						(xx) Contingent liabilities At 51st December, 1984:—		:
The consolidated source and a years ended 51st December, 1984	are set out	below:—					Interest payable comprised:— Bank overdraft	1980 £000 456	1981 £000 343	1982 £000 444	1983 £000 191	1984 £300 727	a) Cuarantees given by Kalon Limited in respect of the bank borrowings and a bill dis Spanish subsidiary, Smyth-Morris S.A., amounted to a maximum of £500,000.	counting &	acility of the
Source of funds:		1960 £000	1981 1000	1982 £000	1983 £000	1984 £000	Hire purchase Debenture	79 44	106 37	160 30	163 23	153 15	b) Smyth-Morris S.A. had discounted bills from customers amounting in £250,000. (xxi) Subsidiary companies		
Profit from ordinary activities before taxation Extraordinary items before taxation		1,194	1,485 (131)	1,394	5,184 (65)	2,715 (81)	Other Interest relief grant	(59) 527 -	488	(46) 588	680	905	The following companies are wholly owned subsidiaries of Kalon Limited and are Britain, unless otherwise stated:—	incorporat	ed in Grest
Action of the comment	-	1,194	1,354	1,394	3,119	2,634	(vi) Taxation on profit on ordinary activ	rities					Trading		
Adjustments for items not involve the anovement of funds	ring						The taxation charge is made up as folk)WS:			4000	****	Smyth-Morris S.A. (incorporated in Spain)—20% of the share capital has been sold ainco Non-trading	e 31st Dece	mber, 1984
Depreciation (Profit)/loss on sale of tangible fixe	d	500	992 78	1,206 16	1,432 (16)	1,659	UK corporation tax	0002	1981	1982 £000 267	1983 2000 226	1984 2000 967	Allen Walters & Company Limited Always Transport Limited Carson Hadfields Limited		
Exchange adjustment Profit on sale of investments		(3) 22 —	(5)	(4)	(3) (8) 26	(7) (2)	Deferred taxation	567 567	674	350 617	1,160	967	Decorative Paints (London) Limited Kirklees Chemicals Limited		: '
Deficit arising in related company Funds generated from operations		1,713	2,419	2,612	4,560	4,332	UK corporation tax payable was calcula	ted at 52 per cent.	. in 1982, 50.5	percent, in 1	983 and 46.25	percent. in	Leeds Paint Manufacturing Company Limited The New Victoria Wallpaper Company Limited S.P.L. (Ireland) Limited (incorporated in the Republic of Ireland)		
Funds from other sources Sale of tangible fixed assets		92	169	194 2	336	381	1984. The charge for deferred taxation was on 1983 being the rate at which the liability was	alculated at 52 pc s expected in crys	er cent, in 198 stadise.	10, 1981 and 1	982 and at 55	per cent. in	Stiver Paint and Lacquer Company Limited Smith-Burler Chemicals Limited	•	•
Grants received Corporation tax received Sale of investments		113 52	175 —	19.	20 39	74 — 92	The tax charge of Kalon Limited and it (vii) Extraordinary items after taxation	s subsidiaries refl	lects the bene	fit of stock reli	icf available in	each year.	Smyth-Morris (Chemicals) Limited E. Wade Wilton & Son Limited		
Total funds generated		1,970	2,763	2,827	4,955	4,879	,,	1960	1981	1982	1983	1984	CURRENT COST ACCOUNTS		
Application of funds Purchase of tangible fixed assets Purchase of subsidiary		2,079	2,361 785	2,057	6,341	3,702	Losses on guarantees, loans and	0003	£000	0000	2000	1000	 (i) Consolidated profit and loss accounts The consolidated current cost profit and loss accounts for Kalon Limited and its submittaries Sist December, 1984 are set out below: — 	for the town	
Purchase of investments Loans repaid		45 96	19 40	40	133 40	184 40	investments in respect of non-related businesses Redundancy and closure costs	=	(131)	Ξ	(65) —	(84)	31st December, 1294 are set out below:— Note	1983	1984
Corporation tax paid Investment in related company		<u> </u>	19		1 39	215	Loss on oil exploration partnership Write-off of excess cost of fixed assets	=		_	(54)	.(61) (36)	Thracover Operating profit	£000 47,916	£000 53,362
Increase/(decrease) in working o	pital	2,220 (250)	5,224 (461)	2,101 726	6,554 (1,599)	738	Tax on extraordinary nems	= -	(131) 68	Ξ	(119)	(181)	Current cost adjustments & (ii)	3,890 (597)	3,626 (487)
Comprising:				- <u></u>			Deferred taxation (see notes below)	1,127	(63)		815 696	1,279	Share of loss of related company Interest payable General adjustment	3,293 (26) (680)	5,139
Increase/(decrease) in current asset Stocks Debtors	ak:	167 181	(254) 1,008	74 990	709 1,465	2,048 1,669	Notes:—	1,127	(63)	 ,		1,050	Gearing adjustment Profit before taxation Taxation charge	(680) 233 2,820	(905) 161 2 389
(Increase)/decrease in current liabi Creditors excluding taxation and	lities:					•	The release of deferred taxation in 1980 e The release of deferred taxation of £815,00				ng made neine	ipallyat 35	Profit attributable to shareholders Euraordinary items	(1,160) 1,660	2,389 (967) 1,422
loans Bank overdraft		125 (723)	(365) (850)	(325)	(3,437)	(142) (2,537)	per cent. instead of 52 per cent. previously i	n force, as a cons	requence of th	e changes in (the Finance A	cz 1984.	Retained profit	2,356	1,098
		(250)	(461)	726	(1,599)	738	 In 1984 the Directors re-assessed the diabilities and as a consequence £1,279,000 to 		Mousion to	drived 40 mes	et sucure Kirê	CCSUM CEX	Earnings per share	1.80	2,520

Westername - They be to

		pure of	3-3						<u> </u>	 		
(ii) Consolidated balance speet	Note		1981	1982	1983	1984	(f) Deferred taxation					•
The consolidated current cost balantabect of Kalon Limited and its subsidiaries as at 31st December, 1984 is set out below:—	Discontinued operations	£000	£000	€000	6003	0000	Deferred taxation is provided on all tim liability in the foresceable future. The prov	ision is calculate	d on the liabil	iny method at i	the corporation	u raz tarez
Note £000	Turnover (i)	24,461	23,871	22,531	15,790	7,053	ruling at the date the liability is expected to o the extent it can be recovered. Any amount	rystallise. Adva	nce comparatio	m tax on divide	ruls is carried i	โดยงวกไปย
investments 94	Cost of sales Gross profit	(16,566) 7,895	(15,240) 8,631	(16,529) 6,002	(11,846) 3,944	(5.549) 1,504	(g) Research and development					
Working capital Stocks 8,789	Distribution costs Administrative expenses	(4.818) (3.268)	(5,928) (2,408)	(6,101) (2,378)	(3,882) (964)	(1.140) (288)	Expenditure on research and developm	nent, patents an	d trademarks	is written off x	incurred.	
Debiors 11.645	Sundry income	(100)	343	(2,455)	9	113	(h) Hire purchase transactions					
Less: creditors 20,434 19.164		(100)	<i>-</i>	(2,455)	(893) 274	443	Fixed assets acquired by hire purchase a included in creditors. The hire purchase int	ere included in the terest charges are	e accounts at or e written off in	ost and the capt the profit and	tal portion out: loss account a	standing is incurred
Net current assets 1,270 Net operating assets 17,462	companies Interest payable and similar	0675)	(517)		(490) ·		over the contract period.					
Hire purchase and debentures (40) Deferred taxation (1,42)		(873)	(517)	(685)	(450)	(356)	(i) Hire of plant, machinery and equipm Amounts payable under operating lea		to profit and b	oss account in	the periods 10	which the
15,638	Profit/(loss) on ordinary activities before taxation (ii)	(775)	(174)	(3,117)	(1,109)	276	payments relate.					
Capital and reserves Share capital 350	Total						(j) Foreign currencies Investments in overseas related compar	nies are converte	d to sterling in	the accounts a	the rate over a	iling at the
Current cost reserve 8 (iv) 3,812 Profit and loss account 11,475		38,850	39,606	39,482	32,886	22,949	date of investment. The results of these comp					
8. Notes to the currengest accounts	Profit/(loss) on ordinary activities before taxation (ii)	· 42ō	422	(2.988)	(1,311)	26	(k) Pensions The Leyland Croup operates a contril	butory pepsion :	scheme to nto	s ide retiremen	a benefits base	rd on final
(i) Basis of accounting	Taxation on profit/(loss) on ordinary activities (v)	(683)	(7 <u>4)</u>	(190)	120	(66)	salaries for the majority of its permanent independent of the Leyland Group's final	employees. The nees. Contribute	scheme fund	s are administ	ared by mustic	es and are
(2) Basis of preparation The current cost abunts in paragraph 7 above have been prepared in accordance with the principles set out it	Profit/(loss) on ordinary activities after taxation Extraordinary items after	(257)	348	(3,178)	(1,191)	(40)	recommendations of independent actuaries					
Statement of Standard ecounting Practice No. 16. The current cost adjustments have been calculated by reference to specific indices copiled by the Central Statistical Office. The following notes state in general how these		983	208 556	42	(2,787)	(2.122)	Notes to the historical cost accounts Turnover					
principles have been splied. (b) Stocks and cost sales	Ordinary dividend	(159)	(238)	(3,136)	(2,/8/)	(2,162)	The Leyland Group turnover, split ger	ographically, for	the five years	ended 51st De	cember, 1984	W 32.
Stocks have bet included at their value to the business and the cost of sales adjustment has been calculated of the averaging metal.	Retained profit/(loss) for year Earnings/(losses) per share (vii)	567 (1.6p)	2.2p	(3,136) (20.0p)	(2.787) (7.5p)	(2,162) (0.2p)		.000 .000	1981 £000	1982 £000	1983 £000	1984 2000
1e) Monetary weing capital	S. Consolidated balance sheets				<u> </u>		Continuing operations United Kingdom	13,236	14,166	14,993	14,811	13,692
The adjustrat in respect of monetary working capital has been calculated on the averaging method using the specific indices splied to stocks and represents the impact of price changes on the monetary working capital of	The consolidated balance sheets of the	e Leyland Grou	up at 31st Dece	mber, 1980 to	1984 are set or	ut below:	Rest of Europe Middle East Others	1,153	1,569	245 1,713	185 2,100	95 2,104 5
Kalon Limitedad its subsidiaries.	Note	0001 ·	1981 £000	1982 £000	1983 1000	1984 £000	Citeris	14,389	15,735	16,951	17,096	15,896
 (d) Fixed asset and depreciation (i) Fixed assets are included in the balance wheet at their value to the business which is based on historical cost 		6,822	6,578	7.235	5, 198	2,931	Discontinued operations					
or duation adjusted to net current value. (ii) T3 depreciation adjustment represents the difference between the charge in the historical and current		6,905	6,710	7,661	5,719	3,022	United Kingdom Rest of Europe	21,278	20,469	18,172 3,305	11,237 2,492	4,562 1,511 828
ext accounts. A revision of the estimated useful lives of freehold and lessehold property and plant and nichinery has been made in the current cost accounts only.	Current assets Stocks (x)	:8,143	8,536	8,370	5,152	3,137	America and Canada Muddle East Others	3,183	3,402	395 659	1,160 607 294	68 84
(e) Gezrie	Investments (xi) Debtors (xii)	4,127	190 5,785	190 5,617	190 5,871	690 8,220	Others	24,461	23,871	22,531	15,790	7,0\$3
The guring adjustment represents the proportion of the current costadjustment financed by sources of capital other than narcholders' funds.	Cash at bank and in hand	126 12,396	102	14,284	11,244	12,077	(ii) Profit/(loss) on ordinary activities b					-
(ii) Curret cost adjustments	Creditors: amounts falling due within one year						Profit/(loss) on ordinary activities befo		ned after char	ging (crediting	:1 —	
Adjustmets to operating profit:—	Bank overdraft (xiū)	1,026	1,315	3,207	4,051	4,458		1980 1000	1981 £(XX)	1982 Lithi	1983 Logal	1934 2040
Depreciation 222 130 Profit ostate of assets 30 5	Other loans Creditors and accruals (xiv)	5,940	7,468	750 8,029	6,454	656 5, <i>261</i>	Continuing operations Depreciation	<i>5</i> 3(339	S_{ij}^{A}	333	2,40
252 18 Cost of ales 383 39		. 159	94 119	=	<u></u>	54	Hire of plant and equipment Directors' emoluments Auditors' emoluments	80 249	45 120 13	.33 191 12	17 115	28 127 13
Monetry working capital (38) (84) 597 48		7,791 4,605	9,746	2,298	10,559	10,429	Auditors' remuneration Sale of know-how	12	1.5	12	f.p(1)	(1111)
	Total assets less current liabilities					4,670	Discontinued operations Depreciation	1,292	1,063	832	691	3.1
(iii) Fixed assets Gross Ne		11,510	11,577	9,959	6,401	4,670	Hire of plant and equipment Directors' emoluments	75 113	68 78	24 102	1861	52
cost depreciation cos 0000 cooo coo		(1,449)	(1,128)	(1,417)	(1,010)	_	Auditors' remuneration (iii) Employees	23	25	23	17	(3
Land and buildings 8,331 506 7,825 Plant machinery and equipment 17,426 9,153 8,275	Corporation tax Other creditors	(434)	(180) (137)	(105)	(19)	Ξ	The average number of people employe was as follows:—	ed by the Leyland	d Group in the	three years en	ded 51 st Decen	uber, 1984
25,757 9,659 16,094		(1,883)	(1.445)	(1,607)	(1,029)		was an joulows;—			1982	1963	1984
(iv) Current est reserve	Provision for liabilities and charges (xv)	(64)	20	(292)	(102)	(29)	Management Administration			26 81	90 50	17 30
5000 £000		9,563	10,152	8,060	5,273	4,641	Production and sales staff			1,367	9117	697 144
Movement in the year	Capital and reserves Share capital (xvi)	3,971	3,971	3,971	3,971	3,800	Costs in respect of these employees:	•			Programme Const.	
Unrealised realization surplus 1,627 74: —Fixed asset (2) 17	Share premium account (xvii) Revaluation reserve (xvii)	1,517	1,788	2,832	2,832	2,116	Cost at respect to mese employees.			1982 £000	1983 £600	1984 £000
Current control control of the contr	Copital reserves (xvii) Prof/1 and loss account (xvii)	730 3,345	1,074 3,319	1,278 (21)	1,498 (3,028)	3,107 (1,494)	Wages and salaries Social security costs			7,132 635	6,095 614)	5,081 665
1,989 1,086		9,563	10,152	8,060	5,273	4,641	Other pension costs		٠	8,207	7,198	5,905
Ralance at 1st December 2,725 3,813 Comprising Unrealised 2,361 3,122 Realised 364 690	 Consolidated source and application The consolidated source and application 			land Group fo	or the five years	ended31st	(iv) -Interest payable	1,				مجيدة .
Realised 364 690 2,725 3,813	December, 1984 are set out below:	1980 £000	1981 £000	1982 £000	1983 2000	1984 £000	Interest payable comprised: -	1980	1981 1000	1982 £000	1983 £000	1984 0000
You faithfully,	Source of funds .	. 2000	- 2000	2000	2000	2000	Bank overdraft Term loan	310 275	260 165	370 129	440 132	425 78
	Dente (Class) from Addinger activities					26		213				108
	Pro6t/(loss) from ordinary activities before texation	426	422 373	(2,988) 54	(1,311)	(2.122)	Credit factoring Acceptance credits	164	125	212 182	140 47	
ROBSON RHODES Chartered Accountants PEAT, MARWICK, MITCHELL& CO Chartered Accountants	before uncation Extraordinary items before taxation	426 (20) 406	422 373 795	(2,988) 54 (2,934)	(1,311) (1,596) (2,907)	(2,122)				212	47 16	5
ROBSON RHODES Chartered Accountants PEAT, MARWICK, MITCHELL& CO Chartered Accountants Chartered Accountants	before invation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation	(20) 406	373	54	[1,596)		Acceptance credits Convertible loan Hire purchase	164 13 134 896	125	212	47 47 16 775	5 616
ROBSOT RHODES Chartered Accountants PEAT, MARWICK, MITCHELL& CO Chartered Accountance	before invation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profit)loss arising on disposal of tangible fixed assets	(20)	795	(2,934) 1,208 (133)	(2,907) (2,907) 1,024 62	(2,096) 750 (12)	Acceptance credits Convertible loan	164 13 134 896 ry activities	125 10 (36		47	5 616
ROBSON RHODES Chartered Accountants PEAT, MARWICK, MITCHELL& CO Chartered Accountants Chartered Accountants	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profn)/loss arising on disposal of tangible fixed assets Share of profits of related companies (Profn)/loss arising on disposal of related		795 1,402	(2,934) 1,208	(2,907) (2,907) 1,024 62 (298)	(2,096) 750 (12) (448)	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinar	164 13 134 896 ry activities ows:—	125 10 (36 696	212 182 61 954	16 775	1984
ROBSON RHODES Chartered Accountants PEAT, MARWICK, MITCHELL& CO Chartered Accountance Accountants ROBSON RHODES Chartered Accountants Accountants Accountants ROBSON RHODES Chartered Accountants Accountants Accountants	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profityloss arising on disposal of tangible fixed assets Share of profits of related companies (Profityloss arising on disposal of related companies	(20) 406	795 1,402	(2,934) 1,208 (133)	(2,907) (2,907) 1,024 62	(2,096) 750 (12)	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinar	164 13 134 896 ry activities	125 10 (36	212 182 61 954 954 1932 £000 (128)	47 ————————————————————————————————————	
ROBSOT RHODES Chartered Accountants PEAT, MARWICK, MITCHELL& CO Chartered Accountance	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profit)/loss arising on disposal of tangible fixed assets Share of profits of related companies (Profit)/loss arising on disposal of related companies Funds generated from operations Funds from other sources	(20) . 406 1,623 (15)	373 795 1,402 (407)	(2,934) 1,208 (133) (53)	(2,907) 1,024 62 (298) (41) (2,160)	(2,096) 750 (12) (448) (934) (2,740)	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinar The taxation charge is made up as folk UK corporation tax	164 13 134 896 ry activities ows:— 1980 £000	125 10 (36 596	212 182 	1983 £100	1984 1000 126
ROBSON RHODES Chartered Accountants PEAT, MARWICK, MITCHELL& CO Chartered Accountants Accountants report on Leyland The following is a copy of a report on Leyland by Peat, Marwick, Mitchell & Co., Chartered Accountants, and Robson Rhodes, Chartered Accountants, the Directors of Leyland, the Directors of County Bank and the Directors of Warburgs. Peat, Marwick, Mitchell & Co. Robson Rhodes 186 City Rose 186 City Rose	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profityloss arising on disposal of tangible fixed assets Share of profits of related companies (Profityloss arising on disposal of related companies	(20) . 406 1,623 (15)	373 795 1,402 (407)	(2,934) 1,208 (133) (53)	(2,907) 1,024 62 (296) (41) (2,160)	(2,096) 759 (12) (448) (934) (2,740) 1,530 2,206	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinar The taxation charge is made up as folk UK corporation tax Related companies Deferred taxation Advance corporation tax written off	164 13 134 896 ry activities oves:— 1980 £000 (16) 421 278 683	125 10 (36 696 1981 1000 55 (97)	212 182 61 954 954 1932 5000 (128)	16 775 1963 £009	1984 1000 126
ROBSOT RHODES Chartered Accountants Accountants Teport on Leyland The following is a copy of a report on Leyland, which ell & Co., Chartered Accountants, and Robson Rhodes, Chartered Accountants, the Directors of Leyland, the Directors of County Bank and the Directors of Warburgs. Pept, Marwick, Mitchell & Co. Unicentife Lords Walk PECTY 2NU	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profit) loss arising on disposal of tangible fixed assets Share of profits of related companies (Profit) loss arising on disposal of related companies Funds generated from operations Funds from other sources Issue of share capital less costs Disposal of tangible fixed assets Additional loan capital Disposal of related companies	(20) 406 1,623 (15) 25 2,039	373 795 1,402 (407) ————————————————————————————————————	(2,934) 1,208 (133) (53) (1,912)	(2,907) 1,024 62 (296) (41) (2,160)	(2,096) 750 (12) (448) (934) (2,740) 1,530	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinas The taxation charge is made up as folk UK corporation tax Related companies Deferred taxation	164 13 134 896 ry activities oves:— 1980 £000 (16) 421 278 683	125 10 (36 696 1981 1000 55 (97)	212 182 	1963 2009 121 (241)	1984 4000 126 (60)
ROBSON RHODES Chartered Accountants PEAT, MARWICK, MITCHELL& CO Chartered Accountants Accountants Teport on Leyland The following is a copy of a report on Leyland by Peat, Marwick, Mitchell & Co., Chartered Accountants, and Robson Rhodes, Chartered Accountants, the Directors of Leyland, the Directors of County Bank and the Directors of Warburgs. Peat, Marwick, Mitchell & Co. Unicentre Robson Rhodes 186 City Road London	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profit) loss arising on disposal of tangible fixed assets Share of profits of related companies (Profit) loss arising on disposal of related companies Funds generated from operations Funds from other sources Issue of share capital less costs Disposal of tangible fixed assets Additional loan capital Disposal of related companies Total funds generated	(20) 406 1,623 (15) 25 2,039	373 795 1,402 (407) ————————————————————————————————————	1,208 (1,33) (53) (1,912)	(2,907) 1,024 62 (296) (41) (2,160)	(2,096) 750 (12) (448) (934) (2,740) 1,530 2,206 1,673	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinar The taxation charge is made up as folk UK corporation tax Related companies Deferred taxation Advance corporation tax written off	164 13 134 896 ry activities over:— 1980 1000 (16) 421 278 683	125 10 (36 696 1981 1000 55 (97)	212 182 61 954 1932 1932 1930 (128) 63 255 194	1983 2009 121 (241) (120)	1984 1000 126 (60) 66
ROBSOT RHODES Chartered Accountants Accountants Teport on Leyland The following is a copy of a report on Leylad by Peat, Marwick, Mitchell & Co., Chartered Accountants, and Robson Rhodes, Chartered Accountants, idee Directors of Leyland, the Directors of County Bank and the Directors of Warburgs. Peat, Marwick, Mitchell & Co. Unicentre Lords Walk Preston PRI ILQ The Directors.	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profit) loss arising on disposal of tangible fixed assets Share of profits of related companies (Profit) loss arising on disposal of related companies Funds generated from operations Funds from other sources Issue of share capital less costs Disposal of tangible fixed assets Additional loan capital Disposal of related companies Total funds generated Application of funds Purchase of tangible fixed assets Corporation cax paid	(20) 406 1,623 (15) 25 2,039 124 500 2,663 1,518 157	373 795 1,402 (407) 1,790 853 250 2,893	(2,934) 1,208 (133) (53) (1,912) 621 289 (1,002) 1,283 58	(2,907) 1,024 62 (296) (41) (2,160)	(2,096) 750 (12) (448) (934) (2,740) 1,530 2,206 1,673	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinar The taxation charge is made up as folk UK corporation tax Related companies Deferred taxation Advance corporation tax written off (vi) Extraordinary items after taxation	164 13 134 896 ry activities oves:— 1980 £000 (16) 421 278 683	125 10 (36 696 1981 1000 55 (97) 116 74	212 182 61 954 954 1932 £000 (128) 63 255 100	1983 2009 121 (241) (120) 1983 1090 (1,058) 159	1984 1000 126 (60) ————————————————————————————————————
ROBSOT RHODES Chartered Accountants Accountants Teport on Leyland The following is a copy of a report on Leyland by Peat, Marwick, Muchell & Co., Chartered Accountants, and Robson Rhodes, Chartered Accountants, the Directors of Leyland, the Directors of County Bank and the Directors of Warburgs. Peat, Marwick, Mitchell & Co. Unicentre Lords Walk Preston PR1 ILQ The Directors. Leyland Paint & Wallpaper p.l.e.	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profit) loss arising on disposal of tangible fixed assets Share of profits of related companies (Profit) loss arising on disposal of related companies Funds generated from operations Funds from other sources Issue of share capital less costs Disposal of tangible fixed assets Additional loan capital Disposal of related companies Total funds generated Application of funds Purchase of tangible fixed assets Corporation (ax paid Dividends paid Acquisition of subsidiary	(20) . 406 1,623 (15) - 25 2,039 - 124 500 - 2,663	373 795 1,402 (407) 1,790 853 250 2,893 1,333 49 278	1,208 (1,33) (53) (1,912) 621 289 (1,002) 1,283 58 119	(1,596) (2,907) 1,024 62 (298) (41) (2,160) 1,367 123 (670)	(2,096) 750 (12) (448) (934) (2,740) 1,530 2,206 1,673 2,669	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinar The taxation charge is made up as folk UK corporation tax Related companies Deferred taxation Advance corporation tax written off (vi) Extraordinary items after taxation Rationalisation/redundancy costs Profit oo sale of properties Profit/(loss) on disposal of related companies Unused property costs	164 13 134 896 ry activities ows:	1981 1980 1981 1981 1980 197) 116 74	212 182 61 934 1932 £000 (128) 63 255 1901	1983 2009 121 (241) (120) (120) (120) (120) (120) (130) (1,638) 159 41 (214)	1984 1040 126 (60) ————————————————————————————————————
ROBSOT RHODES Chartered Accountants Accountants Teport on Leyland The following is a copy of a report on Leylad by Peat, Marwick, Mitchell & Co., Chartered Accountants, and Robson Rhodes, Chartered Accountants, idee Directors of Leyland, the Directors of County Bank and the Directors of Warburgs. Peat, Marwick, Mitchell & Co. Unicentre Lords Walk Preston PRI ILQ The Directors.	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profit)/loss arising on disposal of tangible fixed assets Share of profits of related companies (Profit)/loss arising on disposal of related companies Funds generated from operations Funds from other sources Issue of share capital less costs Disposal of tangible fixed assets Additional loan capital Disposal of related companies Total funds generated Application of funds Purchase of tangible fixed assets Corporation tax paid Dividends paid Acquisition of subsidiary Investment in related companies Loan repaid	(20) . 406 1,623 (15) 25 2,039 124 500 2,663 1,518 157 318	373 795 1,402 (407) 1,790 853 250 2,893 1,333 49 278 239 487	(2,934) 1,208 (133) (53) (1,912) 621 289 (1,002) 1,283 58 119 241	(2,907) 1,024 62 (298) (41) (2,160) 1,367 123 (670) 416	(2,096) 750 (12) (448) (934) (2,740) 1,530 2,206 1,673 2,669	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinar The taxation charge is made up as folk UK corporation tax Related companies Deferred taxation Advance corporation tax written off (vi) Extraordinary items after taxation Rationalisation/redundancy costs Profit oo sale of properties Profit/(loss) on disposal of related companies Unused property costs Losses on disposal of retail interests Losses on disposal of	164 13 134 896 ry activities oves:— 1980 £000 (16) 421 278 683	1981 1980 1981 1981 1980 197) 116 74	212 182 61 934 1932 £000 (128) 63 255 1901	1963 5009 121 (241) (120) 1883 1600 (1,658) 159	1984 1000 126 (60) ————————————————————————————————————
ROBSOT RHODES Chartered Accountants Accountants report on Leyland The following is a copy of a report on Leyland, which ell & Co., Chartered Accountants, and Robson Rhodes, Chartered Accountants, the Directors of Leyland, the Directors of County Bank and the Directors of Warburgs. Pept, Marwick, Mitchell & Co. Unicentre Lords Walk Preston PRI 1 LQ The Directors, Leyland Paint & Wallpaper p.l.e. The Directors, County Bank Limined The Directors.	Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profit) loss arising on disposal of tangible fixed assets Share of profits of related companies (Profit) loss arising on disposal of related companies Funds generated from operations Funds from other sources Issue of share capital less costs Disposal of tangible fixed assets Additional loan capital Disposal of related companies Total funds generated Application of funds Purchase of tangible fixed assets Corporation (ax paid Dividends paid Acquisition of subsidiary Investment in related companies	(20) . 406 1,623 (15) 25 2,039 124 500 2,663 1,518 157 318	373 795 1,402 (407) 1,790 ————————————————————————————————————	1,208 (1,33) (53) (1,912) 621 289 (1,002) 1,283 58 119	(2,907) 1,024 62 (296) (41) (2,160) 1,367 123 (670)	(2,096) 750 (12) (448) (934) (2,740) 1,530 2,206 1,673 2,669	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinar The taxation charge is made up as folk UK corporation tax Related companies Deferred taxation Advance corporation tax written off (vi) Extraordinary items after taxation Rationalisation/redundancy costs Profit oo sale of properties Profit/(loss) on disposal of related companies Unused property costs Losses on disposal of retail interests Losses on disposal of walloovering interests	164 13 134 896 ry activities oves:— 1980 £000 (16) 421 278 683 1980 £000 5 (25) — — — — ————————————————————————————	1981 1980 1981 1981 1980 197) 116 74	212 182 61 934 1932 £000 (128) 63 255 1941 1932 £000 (111) 165	1983 2009 121 (241) (120) (120) (120) (120) (120) (130) (1,638) 159 41 (214)	1984 1040 126 (60) ————————————————————————————————————
ROBSOT RHODES Chartered Accountants Accountants Teport on Leyland The following is a copy of a report on Leylad by Peat, Marwick, Mitchell & Co., Chartered Accountants, and Robson Rhodes, Chartered Accountants, idee Directors of Leyland, the Directors of County Bank and the Directors of Warburgs. Peat, Marwick, Mitchell & Co. Unicentre Lords Walk Preston PRI ILQ The Directors, Leyland Paint & Wallpaper p.l.e. The Directors, County Bank Limited	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profit)/loss arising on disposal of tangible fixed assets Share of profits of related companies (Profit)/loss arising on disposal of related companies Funds generated from operations Funds from other sources Issue of share capital less costs Disposal of tangible fixed assets Additional loan capital Disposal of related companies Total funds generated Application of funds Purchase of tangible fixed assets Corporation tax paid Dividends paid Acquisition of subsidiary Investment in related companies Loan repaid	(20) 406 1,623 (15) 25 2,039 124 500 2,663 1,518 157 318 445 10	373 795 1,402 (407) ————————————————————————————————————	(2,934) 1,208 (133) (53) (1,912) 621 289 (1,002) 1,283 58 119 241 296	(1,596) (2,907) 1,024 62 (298) (41) (2,160) 1,367 123 (670) 416	(2,096) 750 (12) (448) (934) (2,740) 1,530 2,206 1,673 2,669 677 — — — — — — — — — — — — — — — — — —	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinar The taxation charge is made up as folk UK corporation tax Related companies Deferred taxation Advance corporation tax written off (vi) Extraordinary items after taxation Rationalisation/redundancy costs Profit oo sale of properties Profit/(loss) on disposal of related companies Unused property costs Losses on disposal of retail interests Losses on disposal of walloovering interests Tax on extraordinary items Release of deferred tax provision in	164 13 134 896 ry activities oves:— 1980 £000 (16) 421 278 683 1980 £000 5 (25) — (20) (14)	1981 1981 1981 1981 1981 1981 1981 1981	212 182 61 954 1932 2000 (128) 63 255 1001 1932 2000 (111) 165	1963 2009 121 (241) (150) 1983 1000 (1,658) 159 41 (214) (244)	1984 1000 126 (60) 66 1984 1000 (108) 96 934 (342) (133)
ROBSOIR RHODES Chartered Accountants Accountants Teport on Leyland The following is a copy of a report on Leyed by Peat, Marwick, Mitchell & Co., Chartered Accountants, and Robson Rhodes, Chartered Accountants, the Directors of Leyland, the Directors of County Bank and the Directors of Warburgs. Peat, Marwick, Mitchell & Co. Unicentre Lords Walk Preston PRI ILQ The Directors. Leyland Paint & Wallpaper p.l.e. The Directors. County Bank Limited The Directors. S. G. Warburg & Co. Ltd. Gentlemen.	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profit)/loss arising on disposal of tangible fixed assets Share of profits of related companies (Profit)/loss arising on disposal of related companies Funds generated from operations Funds from other sources Issue of share capital less costs Disposal of tangible fixed assets Additional loan capital Disposal of related companies Total funds generated Application of funds Purchase of tangible fixed assets Corporation tax paid Dividends paid Acquisition of subsidiary Investment in related companies Loan repaid Hire purchase commitments repaid	(20) . 406 1,623 (15) 25 2,039 124 500 2,663 1,518 157 318 445 10 2,448	373 795 1,402 (407) 1,790 853 250 2,893 1,333 49 218 239 487 423 2,809	1,208 (1,33) (53) (1,912) 621 289 (1,002) 1,283 58 119 241 296 1,997	(1,596) (2,907) 1,024 62 (296) (41) (2,160) 1,367 123 (670) 416	(2,096) 759 (12) (448) (934) (2,740) 1,530 2,206 1,673 2,669 677 354 60 1,091	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinar The taxation charge is made up as folk UK corporation tax Related companies Deferred taxation Advance corporation tax written off (vi) Extraordinary items after taxation Rationalisation/redundancy costs Profit oo sale of properties Profit/(loss) on disposal of related companies Unused property costs Losses on disposal of retail interests Losses on disposal of wallovering interests Tax on extraordinary items	164 13 134 896 ry activities oves:— 1980 £000 (16) 421 278 683 1980 £000 5 (25) — — — — ————————————————————————————	1981 1981 1981 1981 1981 1981 1981 1981	212 182 61 934 1932 £000 (128) 63 255 1941 1932 £000 (111) 165	1963 2009 121 (241) (150) 1983 1000 (1,658) 159 41 (214) (244)	1984 1000 126 (60) 66 1984 1000 (108) 96 934 (342) (133)
ROBSON RHODES Chartered Accountants Accountants* report on Leyland The following is a copy of a report on Leyad by Peat, Marwick, Mitchell & Co., Chartered Accountants, and Robson Rhodes, Chartered Accountants, the Directors of Leyland, the Directors of County Bank and the Directors of Warburgs. Peat, Marwick, Mitchell & Co. Unicentre Lords Walk Preston PRI ILQ The Directors, Leyland Paint & Wallpaper p.l.e. The Directors, County Bank Limited The Directors, S. G. Warburg & Co. Ltd. Gentlemen, Leyland Paint & Wallpaper p	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profit) loss arising on disposal of tangible fixed assets Share of profits of related companies (Profit) loss arising on disposal of related companies Funds generated from operations Funds from other sources Issue of share capital less costs Disposal of tangible fixed assets Additional loan capital Disposal of related companies Total funds generated Application of funds Purchase of tangible fixed assets Corporation (ax paid Dividends paid Acquisition of subsidiary Investment in related companies Loan repaid Hire purchase commitments repaid	(20) . 406 1,623 (15) 25 2,039 124 500 2,663 1,518 157 318 445 10 2,448	373 795 1,402 (407) 1,790 1,790 2,893 1,333 49 278 239 487 239 487 2423 2,809	1,208 (1,33) (53) (1,912) 621 289 (1,002) 1,283 58 119 241 296 1,997 (2,999)	(2,907) 1,024 62 (296) (41) (2,160) 1,367 123 (670) 416 1,157 58 1,631 (2,301)	(2,096) 750 (12) (448) (934) (2,740) 1,530 2,206 1,673 2,669 677 354 60 1,091	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinar The taxation charge is made up as folk UK corporation tax Related companies Deferred taxation Advance corporation tax written off (vi) Extraordinary items after taxation Rationalisation/redundancy costs Profit oo sale of properties Profit/(loss) on disposal of related companies Unused property costs Losses on disposal of retail interests Losses on disposal of wallcovering interests Tax on extraordinary items Rélease of deferred tax provision in respect of stock relief	164 13 134 896 ry activities oves:— 1980 £000 (16) 421 278 683 1980 £000 5 (25) — (20) (14) 7,017	1981 1981 1981 1981 1981 1981 1981 1981 1981 1981 1980 1167 1540	212 182 61 934 1932 £000 (128) 63 255 1941 1932 £000 (111) 165	1963 \$009 121 (241) (159) 1993 1000 (1,058) 159 41 (214) (244) (244)	1984 1000 126 (60) 1984 1000 (108) 96 (342) (133) (2,569) (3,422)
ROBSOT RHODES Chartered Accountants Accountants report on Leyland The following is a copy of a report on Leydby Peat, Marwick, Mitchell & Co., Chartered Accountants, and Robson Rhodes, Chartered Accountants, the Directors of Leyland, the Directors of County Bank and the Directors of Warburgs. Peat, Marwick, Mitchell & Co. Unicentre Lords Walk Preston PRI ILQ The Directors, Leyland Paint & Wallpaper p.l.e. The Directors, S. G. Warburg & Co. Ltd. Gentlemen, Leyland Paint & Wallpaper p-1. Introduction	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profit) loss arising on disposal of tangible fixed assets Share of profits of related companies (Profit) loss arising on disposal of related companies Funds generated from operations Funds from other sources Issue of share capital less costs Disposal of tangible fixed assets Additional loan capital Disposal of related companies Total funds generated Application of funds Purchase of tangible fixed assets Corporation tax paid Dividends paid Acquisition of subsidiary Investment in related companies Loan repaid Hire purchase commitments repaid Increase/(decrease) in working capital comprising: Increase/(decrease) in net current assets: Stocks	(20) .406 1,623 (15) 25 2,039 2,663 1,518 157 318 445 10 2,448 215	373 795 1,402 (407) 1,790 853 250 2,893 1,333 49 218 239 487 423 2,809 84	1,208 (1,33) (53) (53) (1,912) (1,912) (1,002) 1,283 58 119 241 296 1,997 (2,999)	(1,596) (2,907) 1,024 62 (296) (41) (2,160) 1,367 123 (670) 416 	(2,096) 750 (12) (448) (934) (2,740) 1,530 2,206 1,673 2,669 677 354 60 1,091 1,578	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinar The taxation charge is made up as folk UK corporation tax Related companies Deferred taxation Advance corporation tax written off (vi) Extraordinary items after taxation Rationalisation/redundancy costs Profit oo sale of properties Profit/(loss) on disposal of related companies Unused property costs Losses on disposal of retail interests Losses on disposal of walloovering interests Tax on extraordinary items Release of deferred tax provision in	164 13 134 896 ry activities oves:— 1980 £000 (16) 421 278 683 1980 £000 5 (25) — (20) (14) 7,017 983	1981 1981 1981 1981 1981 1981 1981 1981 1981 1981 1980 1167 1540	212 182 61 934 1932 £000 (128) 63 255 1941 1932 £000 (111) 165	1963 \$009 121 (241) (159) 1993 1000 (1,058) 159 41 (214) (244) (244)	1984 1000 126 (60) 1984 1000 (108) 96 (342) (133) (2,569) (3,422)
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ACCOUNTAINS' TEPORT ON Leyland The following is a copy of a report on Leyd by Peat, Marwick, Mitchell & Co., Chartered Accountains, and Robson Rhodes, Chartered Accountains, side Directors of Leyland, the Directors of County Bank and the Directors of Warburgs. Peat, Marwick, Mitchell & Co. Unicentre Lords Walk Preston PRI ILQ The Directors. Leyland Paint & Wallpaper p.l.e. The Directors. County Bank Limited The Directors. S. G. Warburg & Co. Ltd. Gendermen. Leyland Paint & Wallpaper p.l.e. The Directors. County Bank Limited The Directors. S. G. Warburg & Co. Ltd. Gendermen. Leyland Paint & Wallpaper p.l.e. The Directors. The Directors of Leyland its subsidiary companies (together referred to as the "Leyland Croup") for the five years ended 3 in Denber, 1984. Peat, Marwick, Mitch & Co. have been auditors of Leyland throughout the relevant period. 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ACCOUNTAINS PEAT, MARWICK, MITCHELL&CO Chartered Accountains ACCOUNTAINS PEPORT ON Leyland The following is a copy of a report on Leyd by Peat, Marwick, Mitchell & Co., Chartered Accountains, and Robson Rhodes, Chartered Accountains, the Directors of Leyland, the Directors of County Bank and the Directors of Warburgs. Pert, Marwick, Mitchell & Co. Unicentre Lords Walk Lords Lords Walk PRI ILQ The Directors. Leyland Paint & Wallpaper pl.e. The Directors, County Bank Limined The Directors, County Bank Limined The Directors, S. G. Warburg & Co. Ltd. Gendemen, Leyland Paint & Wallpaper pl.e. I Introduction We have examined the sited accounts of Leyland Paint & Wallpaper pl.e. ("Leyland") and the audited consolidated accounts of Leyed and its subsidiary companies (together referred to as the "Leyland Croup") for the five years ended 3 in Dechber, 1984. Peat, Marwick, Mitch & Co. have been auditors of Leyland throughout the relevant period. 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Chartered Accountants Accountants' report on Leyland The following is a copy of a report on Leydoby Peas, Marwick, Mitchell & Co., Chartered Accountants, and Roboto Rhodes, Chartered Accountants, the Directors of Leyland, the Directors of County Bank and the Directors of Waiburgs. Peat, Marwick, Mitchell & Co. Unicentie Lords Walk Preston PRI HQ The Directors, Leyland Paint & Wallpaper p.l.e. The Directors, County Bank Limbed The Directors, S. G. Warburg & Co. Ltd. Gentlemen, Leyland Paint & Wallpaper p ⁻¹ I. Introduction We have commined the pited accounts of Leyland Paint & Wallpaper p.l.e. ("Leyland") and the audiencensorial and accounts of Leyland and its subsidiary companies (together referred to as the "Leyland Croup") for the five years unded 3 in Eocher, 1984. Peat, Marwick, Mitch & Co. have been auditors of Leyland throughout the relevant period. 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(c) Turnover Turnover represents sales to third passets and is calculated on the following b Freehold and long leasehold buildings Plant and machinery Fixtures and fittings Motor vehicles Printing rollers (c) Stocks Stocks are valued at the lower of cox, includes a proportion of attributable over	(20) 406 1,623 (15) 25 2,039 124 500 2,663 1,518 157 318 445 10 2,448 215 (507) (485) 2,006 1,014 (60) (739) 215 ch have been control of the series of Leylar with the attribution of the series of the seri	1,402 (407) 1,790 1,790 1,790 1,790 1,790 2,893 2,893 1,333 49 278 239 487 423 2,809 84 393 1,658 (1,654) 397 (289) 84 assistently applied taking account ta	1,208 (1,33) (53) (1,912) 621 289 (1,002) 1,283 58 119 241 296 1,997 (2,999) (166) (1681 (778) (1,112) (2,999) (1,892) (2,999) (1,892) (2,999) (1,112) (2,999) (1,112) (2,999) (1,112) (2,999) (1,112) (2,999) (1,112)	(1,596) (2,907) 1,024 62 (298) (41) (2,160) 1,367 123 (670) 416 1,157 58 1,631 (2,301) (3,218) (2,301) (3,218) (2,301) (3,218) (76) (844) (2,301) (2,301) (3,418) (2,301) (4,381) (5,301) (5,301) (6,301) (76) (844) (1,381) (2,301) (1,381) (2,301) (3,218) (3,218) (4,301) (5,301) (5,301) (6,301) (76) (844) (1,381) ((2,096) 750 (12) (448) (934) (2,740) 1,530 2,206 1,673 2,669 677 354 60 1,091 1,578 (2,015) 2,349 1,152 2,349 1,152 1,986 (1) (407) 1,578 able, on the ag life of the componenties, and the agent and	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinate The taxation charge is made up as folks. We corporation tax Related companies Deferred taxation Advance corporation tax written off (vi) Extraordinary items after taxation. Rationalisation/redundancy costs Profit oo sale of properties Profit/(loss) on disposal of related companies Unused property costs Losses on disposal of retail interests Arion descriptions and provide and interespect of stock relief The charges in 1984 include £130,000 (vii) Earnings/(losses) per share The earnings/(losses) per share The earnings/(losses) per share and on 15,885,930 Ordinary shares of 25p Ordinary shares of 15p each in issue in 1986 (viii) Tangible fixed assets Arion land and buildings Long leasthold land and buildin	164 13 134 896 ry activities ows:— 1980 1900 (16) 421 278 683 1980 6000 5 (25) (25) (14) 7,017 983 in respect of degreed on the profits of its in issue through the incorporate of its and by J. Trevia retail and trade aggregate of its in its at date by G. F. which are incorporate. Group had the CB"), a companion	125 10 (36 696 1981 1981 1980 1981 1980 1981 1980 1981 1981	212 182 61 934 934 1932 £000 (128) 63 255 1901 1982 £000 (111) 165	1983 8009 121 (241) (120) 1983 8009 121 (241) (130) 1893 8009 121 (241) (1,68) 150 (1,596) (1,596) 1600 estimated in average of 2 11,129 11,12	1984 1000 126 (60) 1984 1000 (108) 96 934 (342) (133) (2,569) (3,422) (2,122) 12,122) 12,122) 13,398,430 Net book value \$6000 1,489 138 1,295 2,931 artwittle & company in red certain a serry unlised users, to an a striplus usery unlised users, to an a striplus user unlised users u
ROBSOTRHODES Chartered Accountains Accountant ³ report on Leyland The following its copy of areport on Leyd by Peat, Marwick, Mitchell & Co., Chartered Accountains, and Robson Rhodes, Chartered Accountains, place Directors of Leyland, the Directors of County Bank and the Directors of Warburgt. Peat, Marwick, Mitchell & Co. 186Cby Rose Lords Walk Preston PRI HQ The Directors, County Bank Limbed The Directors, County Bank Limbed The Directors, S. G. Warburg & Co. Ltd. Gendemen. Leyland Paint & Wallpaper p-1. I. Fatroduction We have caumined the pited accounts of Leyland Paint & Wallpaper p-1.c. ("Leyland") and the auditor consolidanted accounts of Leyd and its subsidiary companies (together referred to as the "Leyland Croup") for the five years ended 3 in Epocher, 1984. Peat, Marwick, Mitch & Co. have been auditors of Leydand throughout the relevant period. The summarized bireal cost profit and loss accounts, balance sheets and source and application of fund of the state of affair' the Leyland Croup is that date. The summarized bireal cost profit and loss accounts, balance sheets and source and applications of fund of the state of affair' the Leyland Croup is that date. The summarized bireal cost profit and loss accounts, balance sheets and source and applications of fund of the state of affair' the Leyland Croup is that date. The summarized restore and on the audited accounts after making such adjustments and apprications of fund date. The summarized restore accounts accounts as the above for the two years ended 3 in Excember, 1984 and of the state of affair' the Leyland Croup is that date. The summarized restored accounts affair date. The summarized restored accounts after the two years ended 3 in Excember, 1984 have, in our opinion, been property repaired in accordance with the accounting operations and the amounts attributable to cortical and valicovers in accounts are to all bow for the two years ended 3 in Excember, 1984 have in our opinion, been property on in accounts accounts are to	before taxation Extraordinary items before taxation Adjustments for items not involving the movement of funds Depreciation (Profit/loss arising on disposal of tangible fixed assets Share of profits of related companies (Profit/loss arising on disposal of related companies Funds generated from operations Funds from other sources Issue of share capital less costs Disposal of tangible fixed assets Additional loan capital Disposal of related companies Total funds generated Application of funds Purchase of tangible fixed assets Corporation tax paid Dividends paid Acquisition of subsidiary Investment in related companies Loan repaid Hire purchase commitments repaid Increase/(decrease) in working capital comprising: Increase/(decrease) in net current assets: Stocks Debtors Creditors falling due within one year Investments Movement in net liquid funds Cash at bank and in hand Bank overdraft 5. Accounting policies The principal accounting policies whise out in this report are as follows:— (a) Accounting convention The accounts have been prepared und fixed assets. (b) Basis of consolidation The accounts have been prepared und fixed assets. (c) Turnover Turnover represents sales to third passets and is calculated on the following b Freehold and long leasehold buildings Plant and machinery Fixtures and fittings Motor vehicles Printing rollers (c) Stocks Stocks are valued at the lower of cox, includes a proportion of attributable over	(20) 406 1,623 (15) 25 2,039 124 500 2,663 1,518 157 318 445 10 2,448 215 (507) (485) 2,006 1,014 (60) (739) 215 ch have been control of the series of Leylar with the attribution of the series of the seri	1,402 (407) 1,790 1,790 1,790 1,790 1,790 2,893 2,893 1,333 49 278 239 487 423 2,809 84 393 1,658 (1,654) 397 (289) 84 assistently applied taking account ta	1,208 (1,33) (53) (1,912) 621 289 (1,002) 1,283 58 119 241 296 1,997 (2,999) (166) (1681 (778) (1,112) (2,999) (1,892) (2,999) (1,892) (2,999) (1,112) (2,999) (1,112) (2,999) (1,112) (2,999) (1,112) (2,999) (1,112)	(1,596) (2,907) 1,024 62 (296) (41) (2,160) 1,367 123 (670) 416 1,157 58 1,631 (2,301) (3,218) (2,301) (3,218) (2,301) (3,218) (2,301) (4,160) ((2,096) 750 (12) (448) (934) (2,740) 1,530 2,206 1,673 2,669 677 354 60 1,091 1,578 (2,015) 2,349 1,152 2,349 1,152 1,986 (1) (407) 1,578 able, on the ag life of the componenties, and the agent and	Acceptance credits Convertible loan Hire purchase (v) Taxation on profit/(loss) on ordinate The taxation charge is made up as folks. We corporation tax Related companies Deferred taxation Advance corporation tax written off (vi) Extraordinary items after taxation. Rationalisation/redundancy costs Profit oo sale of properties Profit/(loss) on disposal of related companies Unused property costs Losses on disposal of retail interests Arion descriptions and provide and interespect of stock relief The charges in 1984 include £130,000 (vii) Earnings/(losses) per share The earnings/(losses) per share The earnings/(losses) per share and on 15,885,930 Ordinary shares of 25p Ordinary shares of 15p each in issue in 1986 (viii) Tangible fixed assets Arion land and buildings Long leasthold land and buildin	164 13 134 896 ry activities over: 1980 £000 (16) 278 683 1980 £000 5 (25) (26) (14) 7,017 983 in respect of deplete of 3 sand by J. Treve is in issue through the revalued on 3 sand by J. Treve category activities of 1 at date by G. F. Alich are incorporate of 1 at date by G. F. Serve. Group had the CB"), a companion in the issued share incorporate of 1	125 10 (36 696 1981 1981 1980 1981 1980 1981 1980 1981 1981	212 182 61 934 934 1932 £000 (128) 63 255 1901 1982 £000 (111) 165	1983 8009 121 (241) (120) 1983 8009 121 (241) (130) 1893 8009 121 (241) (1,68) 150 (1,596) (1,596) 1600 estimated in average of 2 11,129 11,12	1984 1000 126 (60) 1984 1000 (108) 96 934 (342) (133) (2,569) (2,122) 12,122) 12,122) 12,122) 12,122) 13,398,430 Nec book value £000 1,489 109 38 1,295 2,931 antwistle & company in red certain value certai

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(xi) Investments held as current assets		8. Notes to the current cost accounts 2. Memorandum and Artic	les of Association
At 31st December, 1984, the Company held 6.67 per cent of the shares to the value of £500,00 Morris Fine Arts Public Limited Company, a company quoted on the Unlisted Securities Market. The base dispersed of few accounts of the Company and the Company an	he investment	(a) Basis of preparation carry on the business of manufacturers	s set out to Clause 4 of its Membandum of Association are, interests, to of and dealers in paints, wall pers, wall decorations and decorations'
has been disposed of for a net consideration of £554,000 since the year end. At 31st December, 1984- also held £190,000 of debenture stock in a related company, MRCB.	coste Leyland	The current cost accounts in paragraph 7 above have been prepared to accordance with the principles set out in Statement of Standard Accounting Practice No. 16. The current cost adjustments have been calculated by reference	ompany contain, inter alia, provens to the following effect:—
(xii) Debtors	0003	principles have been applied. (a) Variation of rights and alteration of	f share capital
At 31st December, 1984:— Trade debtors Amounts owed by related companies	3,838 90	(b) Stocks and cost of sales (i) The rights attached to any dash	of shares to the Company may be belified, abrogated or varied in such
Other debtors Prepayments and accrued income	4,141	the averaging method. the description passed at a separate	of the issued shares of that class, or in the sanction of an entrabrillarry general meeting of the holders of the ares of that class.
	8,220	I he adjustment in respect of monetary working capital has been calculated on the averaging method using the shares of larger amount, sub-di-	resolution increase its share capital, edolidate all or any of its shares into vide its shares into shares of smaller fount and cancel any shares into
All the above fall due within one year. Other debtors includes an amount of £2,081,000 in respect of the disposal of Leyland's wallcover.	ring interests	specific indices applied to stocks and represents the impact of price changes on the monetary working capital of the taken or agreed to be taken by a Leyland Group.	any person.
and £1,673,000 in respect of the disposal of the investment in Berkley Walkoverings Inc. These arreceived on 15th January, 1985.		(d) Fixed assets and depreciation reduce its share capital, any cap	nital redemption reserve and any share Projects account.
(xiii) Bank overdraft		or valuation adjusted to net current value.	ny are to registered form. The instrument densier of a share may be in
The bank overdraft is secured by:— a) a legal mortgage creating fixed charges over certain freehold and leasehold properties of the Leyl	land Group,	cost accounts. A revision of the estimated useful lives of freehold and leasehold property and plant and machinery has been made in the current cost accounts only.	which the Directors may approve, and sum tenerated by or on behalf of is fully paid, by or on behalf of the transfered he Directors may, in their
 b) mortgage debentures in respect of specific charges over the current assets of the Leyland Group, 		(e) Gearing paid. The Articles contain no restriction of	ctions on the free transferacts are in respect of only a class of share and are
c) a floating charge over all other assets.		The gearing adjustment represents the proportion of the current cost adjustment financed by sources of capital accompanied by the certificate of the other than shareholders' funds. that transfers are in tavour or not may be companied by the certificate of the current cost adjustment financed by sources of capital accompanied by the certificate of the current cost adjustment financed by sources of capital accompanied by the certificate of the current cost adjustment financed by sources of capital accompanied by the certificate of the current cost adjustment financed by sources of capital accompanied by the certificate of the current cost adjustment financed by sources of capital accompanied by the certificate of the current cost adjustment financed by sources of capital accompanied by the certificate of the current cost adjustment financed by sources of capital accompanied by the certificate of the current cost adjustment financed by sources of capital accompanied by the certificate of the current cost adjustment financed by sources of capital accompanied by the certificate of the current cost adjustment financed by sources of capital accompanied by the certificate of the current cost adjustment financed by sources of capital accompanies are in the current cost adjustment financed by sources of capital accompanies are in the current cost adjustment financed by sources of capital accompanies and cost adjustment financed by sources of capital accompanies and capital accompanies are in the current cost adjustment financed by sources of capital accompanies are in the current cost adjustment financed by sources of capital accompanies are in the current cost adjustment financed by sources of capital accompanies are in the current cost adjustment financed by sources of capital accompanies are in the current cost adjustment financed by sources of capital accompanies are in the current cost adjustment financed by sources of capital accompanies are in the current cost adjustment cost adjustment financed by sources of cap	shares to be transferred and such other eviden of title and authority to
(xiv) Creditors falling due within one year	0002	(ii) Current cost adjustments (c) Voting	present in person or (being a corporation) present a duly authorised
At 31st December, 1984:— Trade creditors Accruals and deferred income	4,201 437	(a) Adjustments to operating profit: £000 £000 representative shall have one vote a proxy shall have one vote for each a	nd, on a noll, every member present to person on a representative or
Hire purchase commitments Other creditors	19 327 13 1	Profit on sale of assets 167 119 379 41 (d) Borrowing The Director was everying with the control of the contr	covers of the Company to borrow money and to recease or charge its
Other taxes Social security	143	Cost of sales 411 272 undertaking, property and unballed	capital, or any part thereof, and to issue dependures, quanturework and
(xv) Provision for liabilities and charges	- 1-41	(b) Adjustments in extraordinary items: (c) Adjustments in extraordinary items: (d) Adjustments in extraordinary items: (e) Adjustments in extraordinary items:	ning undischarged of all monics borrowed by the ampany and its thout the previous sanction of an ordinary resolution obe Company in the three times the aggregate of the amount paid up on thinare caused of
Deferred taxarion at 31st December, 1984:— Capital allowances	£000 475	Extraordinary items per historical cost accounts 1,596 2,122 the Company and the total of the Disposal adjustments 136 195 subsidiaries for the time being (adjustments)	consolidated capital and revenue reserves of the Copany and in- ted as may be appropriate in respect of any variation in thanount paid mium account or capital redemption reserve since the de of the latest
Other timing differences Capital gains tax deferred	(1) 30 (475)	1,673 2,223 sudited consolidated balance sheet la	and after deducting any amounts distributed or proposed to distributed itself consolidated balance sheet) other than to the Companyliny sums set
Losses carried forward	29	aside for toxacion, any amounts and amount attributable to goodwill d	ributable to outside shareholders in subsidiaries of the Copany, any other intangible assets and any debit balance on the lake audited
The potential liability to deferred taxation calculated on the liability method is set out below;	0003	Gross Net Communicated Profit and distribution of asset	on liquidation
Capital allowances Capital gains tax deferred Charmable min which could brize on the disposal of land and buildings at their revalued	475 38	cost depreciation cost The holders of the Ordinary share £000 £000 £000 mumber of Ordinary shares held by	are entitled pari passu amongst themselves, but in propion to the
Chargeable gain which could arise on the disposal of land and buildings at their revalued amounts Losses carried forward	420 (779)	Plant, machinery and equipment 6,028 4,255 1,773 share in the whole of the profits of the Front of the Equidation of the Company.	Company paid out as dividends and the whole of any surplus the event.
Advance corporation tax recoverable	(154)	(1) Unclaimed dividends Any dividend unclaimed after a peri	d of 12 years from its date of declaration shall be forfeited and suffrewert
(avi) Share capital		(rv) Current cost reserve to the Company.	;
(xvi) Share capital At 31st December, 1984:— Authorised	0003	Balance 1st January 5,844 4,148 The Directors may give or award p	esions, annuities, gratuities or superannuation or other allownces or remployee or ex-employee of the Company or any of its subsidiries or
27,450,000 Ordinary shares of 15p each	4,118	Movement in the year Unrealised revaluation surplus —Fixed assets (242) 209 any wife, widow, children and other ex-employee.	relatives or dependants of any such Director, ex-Director, emplyee or
Allotted, called up and fully paid	3,800	—Stocks (28) 5 (h) Directors Current cost adjustments	
25,335,930 Ordioary shares of 15p each	3,800	-Operating 879 405 (i) Unless and until the Company -Extraordinary items 136 195 shall not be less than two.	in genral meeting shall otherwise determine, the number of Directors
(xvii) Reserves 1980 1981 1982 1983 £000 £000 £000 £000	1984 £000	304 524	to holding shares to the capital of the Company. () the Companies Act 1948 (retirement of Directors at age 70) apply to the
Ealance at start of year 5,318 5,592 6,181 4,089 Retained profit/(loss) 567 318 (3,136) (2,787)	£000 1,802 (2,162)	Company. Unrealized 367 581 Company.	
Revaluation surplus — 271 1,044 — Goodwill written off (293) — —	ij	Realised 3.781 4.091 (iv) The Directors shall be paid out (iv) The Directors shall be paid out (iv) The Directors such sums (if any) and (iv) The Directors such sums (if any) of 510 any o	of the fune of the Company by way of remuneration or their services as the Directors may from time to time determine (notexceeding in the 0,000 or sh larger amount as the Company may by orlinary resolution
Capital reduction Share premium, less costs of issue	1,589		be entitled be paid all reasonable expenses properly injurted by them in
Balance at end of year 5,592 6,181 4,089 1,302 Analysed at 21st December 1994:	6000	PEAT, MARWICK, MITCHELL&CO. ROBSON RHODES (v) The Directors may appoint any Director who holds an executive control of the c	one or mo of their body to be an executive officer of the Company, A
Analysed at 31st December, 1984:— Available for distribution Not available for distribution	£000 (1,569) 2,039	outside the scope of the ordinar	e office of efforms duties which, in the opinion of the Directors, are y duties of Director may be paid such extra remuneation by way of otherwise as a Directors may determine.
Post acquisition reserves of subsidiary companies	470 307	(vi) A Director may hold any other	office or platof profit under the Company (except that of auditor) in
Post acquisition reserves of related companies	64 841	for the Company on such term Director or intending Director	s at to remulation and otherwise as the Directors may arrange. No shall be dischiffed by his office from entering into thy contract.
(xviii) Commitments	-	Additional information arrangement, transaction or pro- office or place of profit or to his a shall any such contract, arrangement	s at to remuniation and otherwise as the Directors may arrange. No shall be discribed by his office from entering into thy contract, so a single from the contract of the cont
(a) Capital commitments as at 31st December, 1984 for which no provision has been made in the act follows:—	Counts are as	1. Incorporation and share capital (a) The Company was incorporated in England under the Companies Acts 1908 to 1917 on 11th October, 1922 (with registered number 184940) as Leyland Paint & Varnish Company Limited. On 20th March, 1962 the	near, transaction proposal entered into by or on behalf of he Company on connected within its to any way interested, whether directly or hor shall any Dictor who enters toto any such contract, a rangement,
Contracted	£000 88	(with registered number 184940) as Leyland Paint & Varnish Company Limited. On 20th March, 1962 the transaction or proposal or who is oame of the Company was changed to Leyland Paints Limited and on 7th May, 1971 the Company's name and such contract, arrangement.	so interested be life to account to the Company for any profer realised by
Authorised but not contracted	275	public limited company as Leyland Paint & Wallpaper n.l.e. On 18th June, 1985 the Company's name was	erin any way, where disasters is at
(b) Pensions		(b) The Company is the holding company of a group of companies engaged, inter alia, in the manufacture of paint, interest as a meeting of Directors.	A general notice git to the Discourse shall declare the nature of his
Following a financial review of the assets of the fund by independent actuaries as at 17th Decemwas confirmed that no contributions to the fund would be made by Leyland for a period from 23rd	d April, 1984		e made with the comply or firm shall be deemed a sufficient deidaration
because of the surplus of funds revealed by the review. The position will be reviewed at 22nd April, 198 the next actuarial valuation.	o, oregate of	(i) the authorised share capital of the Company was increased from £4,500,000 to £5,917,500 by the creation	none executived in the Alice and
(xix) Contingent liabilities At 31st December, 1984 there were contingent liabilities in respect of guarantees given by Leyland	ìof£13,000.	of 25p each;	on or any other proposarizesoever in which he has any material interest
In additino, the liability arising should the Leyland Group terminate all leases on properties currently amounts to £814,000.	ly unutilised	(iii) the authorised share capital was reduced from £5,917,500 to £4,117,500 (divided into relax these provisions to any a 27, 450,000 Ordinary shares of 15p each) by cancelling the paid up share capital to the extent of 10p on contravention thereof.	nor shall not be counted the quorum at a meeting in rotherwise in or rother not be counted the quorum at a meeting in relation to any od from voting. The Colany may by ordinary resolution suspend or steet or ratify any transition not duly authorised by reason of the
(xx) Subsidiary companies	lie v- ·	27, 450,000 Ordinary shares of 15p each) by cancelling the paid up share capital to the extent of 10p on contravention thereof. each of the issued ordinary shares of 25p and reducing the nominal value of all the ordinary shares of 25p each, whether issued or unissued, to 15p. The particular circumstances are	
The following wholly owned subsidiaries of Leyland at 31st December, 1984 are incorporated except where otherwise noted and are non-trading:—	a in England	(4) On 17th June 1995 the authorized share capital was immersed from 64 117 500 to 623 250 000 bushs creation (2) the giving of any accurity or	indemnity to a Director in rect of money lent or obligations incurred the benefit of the Company any of its subsidiaries;
Leyland Coatings Limited Leyland Paragon Limited		in consideration for the acquisition of Kalon. (h) the giving of any security of Company or any of its subsideration of the Board was authorized:	or indemnity to a third party respect of a debt or obligation of the
Warrington Colourway Limited Beckwith and Webster Limited Blaskeys (Wallpapers) Limited		(i) used 16th Lune 1000 se exercise the Company's natural to allow an area of the Company on to	, , , , , , , , , , , , , , , , , , , ,
John Marthews & Cn. Limited Ideas for Decorating Limited		(ii) until the Annual General Meeting of the Company to be held in 1986, to connection with a rights issue to underwriting or sub-underw	offer of shares or debentures or er securities of or by the Company or subscription or purchase in the riting thereof;
Regency Paints Limited (Incorporated in Scotland) Wto. Paton Jr. (Wallpapers) Limited (Incorporated in Scotland)	1	make such arrangements as the Board may deem necessary or expedient in deal with problems under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or to (d) any contract, arrangement,	transaction or other proposal codming any other company in which
John Mauhews & Co. Limited owns the whole of the share capital of Kenrick Jones & Co. Limited incorporated in England.	u, a company	(iii) until the Annual General Meeting of the Company to be held in 1986, to allot equity securities pursuant to any class of the equity share	is not the holder of or beneficially presed in one per cent. or more of capital or of the voting rights of the capital or of the voting rights of the capital or or no per cent. or more of
CURRENT COST ACCOUNTS 7. (i) Consolidated profit and law accounts		(e) any contract, arrangement,	transaction or other proposal concerns the adoption, modification or
 (i) Consolidated profit and loss accounts The consolidated current cost profit and loss accounts of the Leyland Group for the two years ended 31st 1984 are set out below:— 	t December,	and (iii) above) to allot equity securities for each in any person up to an aggregate nominal of £1,162,500, being an amount equal to 5 per cent. Of the aggregate of the nominal amount of the Company's unissued to any Director as such any share capital and its issued equity share capital.	privilege or advantage not generally and which does not accord :
Note 1983 4000	1984 £000	(f) As at 18th June, 1985 607,038 Ordinary shares were reserved for the purposes of the share schemes described (f) any contract, arrangement, in a common 5 below. Ordinary shares which remain exercisable are as follows:	transaction or other proposal concerning adoption, modification or
Turnover 32.866 Operating (loss)/profit (336)	22,949 642	(i) Leyland Paint & Wallpaper p.J.c. Share Option Scheme Company and/or any substance arrangement for the benefit.	idiary to acquire shares or other accurry of the Company or any
Current cost adjustments 8(ii)(a) (579) (1.415)	(405) 237	Number of Aggregate number Director benefits in a similar executives to of Ordinary shares whom options over which options Subscription	rmanner to employees.
Interest pavable (775) Gearing adjustment 382 Loss before taxation (1.603)	(616) 196	Date of grant granted have been granted price of options 3. Directors and other interes	
Taxation charge (1.803) Loss attributable to shareholders (1.688)	(183) (66) (249)	27th June, 1983 I 20,000 25p will be recorded immediately follows 27th May, 1982 I 20,000 37p maintained under the provisions of a 27th May, 1981 I 20,000 35p	eress and those of their families to the share ital of the Company as ing the integer and the placing to the Regist of Directors' Interests the Companies Act 1967 (as amended), are allows:—
Extraordinary tiems 8(ii) (1.673) Transfer to capital reserve (204)	(2,223) (20)	In addition, four employees have exercised options under this scheme over a total of	Number of shares Number of the
Retained loss (3.565) Loss per share (10.6p)	(2,492) (1.2p)	130,000 Ordinary shares at 25p per share, all in the last six months. L. H. Silver J. B. McDonald	28,507,122 5,228,572 (see note (i)
(ii) Consolidated balance sheet	,	Number of Aggregate number O. Brosh employees of Ordinary shares J. S. Hundey	1,000 28.8
The consolidated current cost balance sheet of the Leyland Group as at 31st Directaber, 1984 is set of		to whom options over which options Subscription D. W. Komrower Date of grant granted have been granted price of options G. E. Moore 31st October, 1984 12 43,164 25p M. S. Silver	4,475,964 522,858 11,110,714 (see note Giv) 3.8
Fixed assets S(iii)	2000 3,495	31st October, 1984 12 43,164 25p M. S. Silver 18th August, 1983 8 30,714 25p E. Smith 16th July, 1982 24 123,160 26p G. A. Thomas (see note (iv))	13,451,807 11,110,714 (see nose (ii)) 9.9 -21.0
Investments Working capital	781	In addition one employee has exercised options to lanuary 1965 under this scheme over	
Stocks Debtors	3,170 <u>4,466</u> 7,636	same beneficiaries.	e of a family trust whose beneficiaries are the adehildren of his children. Mrs. L. H. Silver is the trustee of a family st having the
Less: creditors	7,636 5.242 2,394	Company or any subsidiary has been issued for cash or other consideration and no discounts or other special (ii) Mr. G. E. Moore and Mr. M. S.	Silver are the joint trustees of a discretionary settlemed.
Net current assets Net operating assets	6,670	capital. 11,110,174 shares (9.5 per cent. beneficial holdings of both Mr. G	of the issued share capital) within the settlement are two at non-
Net current habilities Loan capital Deferred taxasion	(747) (656) (29)	reserved under the share schemes described in paragraph 5 below. Save for such shares, no material issue of holdings set out in the table above.	referred to io notes (i) and (ö) above are not included in handfairt
	5,238	year of the date of this document without prior approval of the Company in general toering. (iv) Mr. G. A. Thomas is a director of Ordinary shares. His family trust	f York Trust Holdings Limited ("York Trust") which he 944,000
Capital and reserves Share capital Share commun	5,800 112	any subsidiary is proposed to be insued or is under option or is agreed conditionally or unconditionally to be por (b) Mr. J. B. McDonald has been granted	an option exercisable between 18th July, 1987 and 1761.
Share premium Capital reserve Current cost reserve 8(iv)	5,223 4,672	the Directors, with the exception of Mr. M. S. Silver (who have too su to respect of the allorment of equity accurities which are, or are to be, paid up in each) apply to the balance of the	Scheme referred to io paragraph 5 below at a price of 25 ppe are. All. G. A. Thomas (who is a non-executive Director) and Mr. L. Silver- bstantial shareholdings to be eligible), are eligible to particip to she
Profit and loss account	(8,569) 5,233	myberied to the amount of equity accuracy and the order of the order of the discontinuous affects the	o — y — sugner to particip to the
		to paragraph (e/u) (motisive) above. (e) Save as disclosed above, none of the D	irectors has any interest in the share capital of the Company.
	-	the marginal compression of the control of the cont	ART - C. 1744 Place 1 100 C. 1 . 4 . 1

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The aggregate of the remuneration paid and benefits in kind granted to the Directors of the Company by Kalon or (as the case may be) Leyland and their respective subsidiaries during the year ended 31st December, 1984 amounted to 1448,000. The aggregate of the remuneration payable and benefits in kind m be granted m the Directors by the Company and its subsidiaries in the current financial year is estimated to amount m 1499,000.

(c) On 17th May, 1985 Kalon made an unsecured loan of £50,000 to Leeds United Football Club Limited of which On 17th way, 1801 Kalon mane an insection to 120,000 to been of inter ordinal class and when Mr. L. H. Silver is Chairman and holds approximately 15 per cent. of the issued share capital. This loan has since been repaid. Save as disclosed herein, none of the Directors has any interest in any transactions entered into by the Company or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year (where these remain outstanding or unperformed) and which are or were unusual in their nature or conditions or significant to the business of the Company or its subsidiaries.

(f) Save for the Directors' holdings referred to above, and Investors in Industry pic which immediately following the merger will hold 13,724,999 Ordinary shares representing 11.7 per cent. of the issued share capital, the Company is not aware of any other interests in 5 per cent. or more of the issued share capital of the Company following the merger or of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

4. Service agreements

On 21st June, 1985 the Company will enter into service agreements with the following executive Directors of the Company at current annual salaries (inclusive of Directors' fees) as follows: L.H. Silver, £100,000; J. B. McDonald, £42,500; O. Brosh, £42,500; J. S. Huntley, £42,500; G. E. Moore, £42,500; M. S. Silver, £29,000;

Each of the above service agreements is for a term of approximately two and a balf years commencing 21st e, 1985 and continues thereafter unless terminated by either parry giving to the other two years written notice to June, 1985 and continues thereafter unless terminare expire at any time on or after 31st December, 1987.

Under his service agreement the total emoluments payable to Mr. J. B. McDonald will be increased from those previously payable by £6,460 in take into account the elimination of his rights to a profit related bonus.

Save as disclosed, none of the Directors of the Company has a service agreement with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation (other than statutory

Share schemes

The following is a summary of the three schemes involving employees of the Group in the capital of the

(i) The Leyland Paint & Wallpaper p.i.c. Share Option Scheme ("the Old Scheme") (a) Introduction

The Old Scheme was adopted by the shareholders of Leyland in general meeting on 15th March, 1973 pursuant to the Finance Act 1972. No further options will be granted under the Old Scheme but eight employees currently hold options over Ordinary shares under the terms of the Old Scheme which are still capable of exercise.

- An option may not be exercised before the third anniversary of the date of grant (except in the **(**9) ioned in this paragraph (b)) or after the seventh anniversary of the date of grant,
- If an employee holding an unexercised option dies, his legal personal representatives may exercise that option in whole or in part within twelve months after the date of his death; otherwise it will lapse.
- If a person holding an unexercised option ceases to be employed by reason of injury, disability ent at or after normal retirement age be may exercise the option in whole or in part within six months of the date of his ceasing to be employed; otherwise it will lapse.
- If a person holding an unexercised option ceases to be employed by reason of retirement within five years before his normal retirement age (other than by reason of disability, injury or redundancy) be may exercise his option within six months of his retirement, subject to such restrictions as the Directors
- If a person ceases to be employed for any reason other than those set out to (b)(iii) and (b)(iv) above any ns then held by him will lapse unless the Board in its sole discretion oth an employee who leaves (a) in take up employment (i) with a company in which the Group has a material interest, or (ii) of a public nature; or (b) by reason of the company by which be is employed ceasing to be a number of the Group. In that event his option may be exercised within six months of his
- leaving and will thereafter lapse. If an employee holds an unexercised option at the date when any company either making a general offer or otherwise has acquired a majority of the issued ordinary share capital of the Company, he may exercise his option within six months from the date when such offer becomes known to hito provided that if during such period the offeror issues a notice under section 209 of the Companies Act 1948 and indicates that it intends to exercise the right of compulsory acquisition in respect of shares issued on exercise of options by a specified date, options will be exercisable until such date and will thereafter
- In the event of notice being given of a resolution for the voluntary winding up of the Company outstanding options shall be exercisable until the passing of the resolution (and shall thereafter lapse) provided that exercise is conditional upon the resolution being duly passed.

(c) Adjustment

The Board may adjust (subject to confirmation in writing by the auditors for the time being that such istment is fair and reasonable in their opinion) the number of shares under option and available for option, and/or the option price, to take account of any capitalisation issue, rights issue, or consolidation, sub-division or reduction of capital of the Company.

(d) Rights attaching to shares

Shares allotted on exercise of an option will rank part passu in all respects with the Ordinary shares then in issue except that they will not rank for any dividend or distribution of the Company proposed to be paid to sharebolders on the register on a date which precedes the date of exercise,

(ii) The Savings Related Share Option Scheme ("the Savings Related Scheme")

(a) Introductino

The Savings Related Scheme which was adopted by shareholders on 27th May, 1982 is an Inland Revenue woved scheme under the provisions of the Finance Act 1980 (as amended) and is administered by the Directors.

All UK employees (including executive Directors) of the Company, and of any of its subsidiaries which the Directors have decided shall participate, whose normal working week is twenty-five hours or more and who have completed at least one year's continuous service are eligible to participate. Participation may also be offered at the Directors' discretion to other full-time employees of participating companies provided their normal working week in

(c) Subscription price

The price at which a participant may subscribe for Ordinary shares on the exercise of an option shall be determined by the Directors but shall not be less than 90 per cent, of the average of the middle market quotations of a share as derived from The Stock Exchange Daily Official List over the earliest three dealing days during the thirty days before eligible employees were granted options (or, if higher, the nominal value of a share).

(d) Grant of options

- (i) Subject to the limitations of the Savings Related Scheme all eligible employees may, at the Directors' discretion, be trivited to participate once in any financial year during the one month following either the publication of the Company's interim results for any financial year or the conclusion of the Annual General Meeting of the Company.
- An employee who applies to participate will normally be granted an option over that nomber of shares the aggregate subscription price of which as nearly as possible equals but does not exceed the proceeds (including bonus) of the related SAYE contract. Options may not be assigned.

- Eligible employees who wish to participate in the Savings Related Scheme must enter into a contractual savings scheme with a building society (the "savings contract") approved for this purpose
- Under the savings contract an employee contracts m make fixed monthly contributions by deductions from remuneration. After five years, an employee may apply for repayment of his contributions together with a tax-free bonus equal to fourteen monthly contributions and may use the proceeds to acquire shares. If he elects m leave his contributions in the savings contract for a further two years, be will become entitled to an increased tax-free bonus equal to twenty-eight monthly contributions. The bonuses payable under the savings contract may be varied from time to time by Treasury Order.
- The contributions to the savings contract must be in multiples of £1 per month and must be not less than £10 nor, when aggregated with contributions under other contracts linked to the Savings Related Scheme, he more than the lesser of £100 and the amount as shall from time to time be permitted for the purposes of the approval of the Savings Related Scheme by law (currently 100). If the number of shares over which options are upplied for exceeds the number made available under the Savings Related Scheme by the Directors no that occasion then employees' contributions under the savings contract will be scaled down and the numbers of shares over which options are granted will be

(f) Limitations on the Savings Related Scheme

- (i) The maximum number of shares which may be acquired in respect of options granted pursuant to the Savings Related Scheme shall be limited to 5 per cent. of the issued ordinary share eapital of the Company from time to time and to any event shall not exceed 8,750,000 shares provided that such figure may be adjusted as appropriate (subject to the auditors confirming in writing that in their opinion such adjustment is fair and reasonable) in take account of any capitalisation, rights issue, consolidation or sub-division affecting such shares or any reduction of the ordinary share capital of the
- No option may be granted after the tenth anniversary of the shareholders' approval of the Savings Related Scheme.

(g) Exercise of options

- (i) Options may be exercised to whole or in part:
 - (a) during the six-month period next following the date on which a participant becomes entitled in the bonus payable under the savings contract (the "bonus date");
 - or, to the extent that the amount repaid in him under the savings contract allows:
 - (b) within six months of a participant leaving the service of the Company or any of its subsidiaries because be is injured, disabled, mode redundant or retires no reaching normal retirement age; or
 - (c) within six months of a participant leaving the service of the Company or any of its subsidiaries more than three years from their date of grant by reason of early retirement; or (d) within six months of a participant in service reaching state pensionable age and continuing in
 - (e) where a participant dies during the course of his savings contract (i.e. before the bonus date), within twelve months of his death or (if he dies within six months after the bonus date) within

twelve months after the bonus date. Options shall large:

- (a) where a participant leaves service for any reason other than those specified in paragraph (i)(b), (c)
- (b) on the expiry of the periods prescribed for their exercise except in the case of a participant in service reaching state pensionable age and continuing in service; or
- (c) if a participant's right to make contributions lapses under the savings contract before the
- and to any of these events a participant will be entitled to the proceeds then due to him under the savings contract including any bonus or interest accrued.

Application will be made by the Company to the Council of The Stock Exchange for thaires allorted following exercise of any option to be admitted to the Official List of The Stock Exchange. Such shares will rank part passu in all respects with other issued shares of the Company.

(i) Reorganisation of capital

And the second s

In the event of a capitalisation or rights issue or any consolidation, sub-division, conversion or reduction of any of the authorised or issued share capital of the Company the Directors may make such adjustment to the number of shares or nominal amount comprised in each option and/or the option price thereunder as is confirmed to writing by the auditors of the Company to be, in their opinion, fair and teasonable. In such event, adjustment as aforesaid shall also be made to the total number of shares available under the Savings Related Scheme.

(j) Change in control of the Company and voluntary winding up

Options may, subject in paragraph (gg(ii) above, be exercised if a takeover uffer for the Company become uncoordinated or if the Court sanctions a compromise or arrangement under section 205 of the Companies A 1948. Similarly, subject to paragraph (g)(ii) above, options thay be exercised for six months following the parsing a resolution for the voluntary winding up of the Company and shall thereafter lapse.

(k) Amend

- The Rules of the Savings Related Scheme may be amended by the Directors in any respect provided that: no amendment may be made to the following without prior consent of the Company io general
- -the periods during which options may be offered;
 - -the basis of calculation of the subscription price; -the total number of shares available for the Savings Related Scheme:
 - -the rules governing amendment of the Savings Related Scheme; -the rights attaching to the shares on their allotment following the exercise of options;
 - -the persons eligible to participate; -the maximum contribution of each participant in the savings contract
 - —the basis of participation of employees in the Savings Related Scheme or the period during which options may be granted or exercised; -the rules governing reorganisation of capital, takeover or the winding up of the Company;
- no amendment may be made without the prior approval of the Inland Revenue.

(iii) The 1985 Executive Share Option Scheme ("the 1985 Scheme")

- (a) Constitution of the 1985 Scheme The 1985 Scheme, for which Inland Revenue approval has been sought under the provisions of the Finance Act 1984, will be governed by the rules summarised berein and will be administered by the
- The Directors may terminate the 1985 Scheme at any time or amend the rules but not so as to affect options already granted to participating employees or (exec pt with the prior approval of shareholders in general meeting) the provisions of the 1985 Scheme relating to:
 - (a) eligibility for participation: (b) the number of shares available for the 1985 Scheme and for individual participants;
 - (c) the basis of subscription:
- (d) the exercise of options: or
- (e) the voting, dividend, transfer or other rights including those arising on liquidation. No amendment may be made without the prior approval of the Inland Revenue.

(b) Eligibility

Participation in the 1985 Scheme will be offered to executives who devote substantially the whole of their working time in their duties and who are not within two years of retirement, at the sole discretion of the Directors,

The shares to be appropriated for issue under the 1985 Scheme will be Ordinary shares.

The exercise price per share will not be less than the toiddle market quotation of the shares derived from The Stock Exchange Daily Official List for the three husiness days immediately preceding the date of grant of the option (or the nominal value of the shares if this is greater).

- An option granted under the 1985 Scheme may not be exercised before the third anniversary of the (i) t (except in the circumstances mentioned in this paragraphe) or after the tenth anniversary
- ff an employee holding an unexercised option granted under the 1985 Scheme dies, his legal personal representatives may exercise that option in whole or in part within twelve months after the date of his death; otherwise it will lapse.
- If a person holding an unexercised option granted under the 1985 Scheme ceases to be employed within the Group by reason of injury, disability, redundancy within the tocaning of the Employment Protection (Consolidation) Act 1978, retirement, or the company by which he is employed ceasing to be a member of the Group, he may exercise the option in whole or in part within six months of the date of his ceasing to be employed or, if later, the third anniversary of the date of grant of the option; otherwise it will lapse.
- If a person ceases to be employed within the Group for any reason other than those set out in (e)(iii) above any options then held by him will lapse unless, in the case of an option granted no less than three years before the date of his ceasing to be employed, the Directors in their sole discretion otherwise
- If an employee holds an unexercised option granted under the 1985 Scheme at the date when any person makes a general offer to acquire the whole of the issued ordinary share capital of the Company, he may exercise his option within four months from the date when such offer is declared or becomes unconditional provided that if during such period the offeror issues a notice under section 209 of the Companies Act 1948 options will be exercisable for 14 days following such issue and will thereafter
- In the event of notice being given for any scheme of reconstruction or antolgamation of the Company under section 206 of the Companies Act 1948, an employee holding an option may exercise it within three months following sanction of such scheme by the Court.
- In the event of notice being given of a resolution for the voluntary winding up of the Company (other than for the purposes of reconstruction or amalgamation when outstanding options are taken into account) outstanding options shall be exercisable until the commencement of the winding up.

(f) Limits

- An individual will not be granted any options if the total subscription price for the shares comprised in those options, when added to the total subscription price of shares under options already granted to him under the 1935 Scheme or any other share option scheme (other than a Finance Act 1980 Save As You Earn scheme), at any time in the preceding ten years would exceed four times his annual remuneration subject to PAYE at the time of the proposed grant of any such options.
- The aggregate number of shares put under option pursuant to this and any other share option scheme (except a Finance Act 1980 Save As You Earn scheme) in the preceding ten years (which options have been exercised or remain exercisable) will not exceed 5 per cent. of the issued ordioary share capital of the Company from time in time and in any event will not exceed 8,750,000 shares

(g) Adjustmen

The Board may adjust (subject to confirmation in writing by the auditors for the time being that such adjustment is fair and reasonable in their opinion and subject to Inland Revenue approval) the number of shares under option and available for option, and/or the option price, in take account of any capitalisation issue, rights issue, consolidation, sub-division or reduction of capital of the Company or the making by the Company of an exempt distribution by virtue of Part 1 of Schedule 18 to the Finance Act 1980 (i.e. a demerger of a subsidiary or its

(b) Rights attaching to shares Shares afforted on exercise of an option will rank pari passu in all respects with the soares then in issue except that they will not rank for any dividend or distribution of the Company announced prior to the date of exercise.

6. Placing agreement

By an agreement dated 18th June, 1985 made between (1) The Company, (2) G. A. Thomas and J. B. McDonald, (3) L. H. Silver, (4) O. Brosh, J. S. Humley, D. W. Kommwer, C. E. Moore, M. S. Silver and E. Smith (5) Warburgs and (6) County Bank, Warburgs and County Bank have agreed, subject to the admission to the Official List of the Ordinary shares in the Company and the completion of the sale and purchase procurent referred to in paragraph 7 (ix) below not later than 21st June, 1925 (or such later date as may be agreed), purchase or procure purchasers for 10,000,000 shares at 30p per share.

7. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or its subsidiaries within two years immediately preceding the date of this document and are,

- (i) Agreement dated 30th March, 1984 between Hambros Bank Limited, the Company and the Directors of the Company relating to the subscription for 9.45 million Ordinary shares at 18p per ghare in cash.
- (ii) Agreement dated 12th July. 1984 between Berkley Walkoverings Inc. ("Berkley"), the holders of its common shares (including the Company) and General Trust of Canada whereby, to connection with a public offering of convertible 'A' preferred shares of Berkley on the Montreal Stock Exchange, a total of 2.4 milion common shares of Beskley (including 800,000 of the Company's holding of 1,000,000 such shares) were deposited in excrow on the terms therein stated.
- (iii) Agreement constituted by an exchange of relexes between the Company and Les Placements Essagal Société en Commandiae dated 21st November, 1984 and 26th November, 1964, being an option agreement over the 1,000,000 Berkley shares mentioned in (ii) above.
- (iv) Agreement dated 29th November. 1984 between the Company and William Morris Fine Arts Public Limited Company ("William Morris") for the sale of the walloo erring interests of the Company to William Morris for a consideration of approximately £3.33 million, satisfied as 15 £500,000 by shares in William Morris (sold as mentioned in contract (vi) below) and the balance in cash.
- (v) Letter agreement dated 29th November, 1984 between Hanover Grand Limited and the Company for the rchase of 2,083,333 William Morris shares at a price of 24p per share in eash. Contract notes dated 30th April, 1985 and 10th May, 1985 for the sale of respectively 100,000 and 1,983,333 Ordinary shares of William Morris for a total consideration of £554,070 (net of expenses of sale).
- (vii) Agreement dated 21st June, 1983 between Kalon, JCT 600 Limited and Energy Funding (1982) Limited
- relating to the establishment of a joint venture for the development of oil and gas interest Agreement dated 7th September, 1983 between Kalon, Martin Jovee & Associates and Manston Development Croup Limited, relating to the construction of a laboratory block and administration block at Huddersfield Road. Birstall for the cum of £915,000.
- (ix) Agreement dated 23rd May, 1985 between L. H. Silver and others, L. H. Silver, Kalon, Smyth-Morris S.A. and others, the Company and C. A. Thomas and J. B. McDonald for the acquisition of the entire issued share capital of Kalon.
- (x) The placing agreement referred to in paragraph 6 above.

8. Premises

Details of the principal premises owned or leased by the Group (including the principal place of business at Birstall, West Yorkshire) are as follows:—

old properties Buildings Land Acres Location Occupation Description sq. ft. 299,511 Huddersfield Road, Kalon Group headquarters, factory, and warehouses Birstall 19.276 0.37 Bradford Road, Smyth-Morris Industrial property 26,584 Kirklees Chen George Street, Bailey Industrial property Leeds Paint Manufacturing 6,9 Factory and warehouses 121,689 Company and Silver Paint & Lacque Company 10,500 2.5 Summit Chemicals Limited Blessington, Eire Industrial property 124,000 Northgate, Leyland, Preston Leyland Factory and offices 5.76 Leyland 138,000 9.25 Brook Mill. Warehouse and offices. Lessehold properties 2000 period Details 200 7 vears May Careon Hadfields 170,000 125 year Western Road, from 1.5.69 Mitchar sq. ſt. · 27,000 42 years , 14 years Cramlington

Trade depots

Madrid, Spain

Horgen

Factory.

sq. ft.

eq. ft.

South Exec	North East	North Wes
London, Bloomsbury	Houghton-le-Spring	Barrow
London, Tooting	Middlesbrough	Blackpool
London, Edmonton	Newcastle-upon Tyne	Bohon
	Sunderland	Carlisie
South Wales and South West		Leyland
Bristol	Yorkshire	Liverpool
Cardiff	Barnsley	Llandudgo
Plymouth	Doncaster	Manchester
Pool:	Harrogate	Morecamb
Swansea	Ruddersfield	Oldham
OWELLE-CE	Lends	Prestno
Midlands	Sheffield	Southport
Aston	York	Stockport
Burslemi	2011	Wigan
	East Anglia	
Coventry		Scotland
Leicester	. Kings Lynn.	Edinburgh
		Classical

- The Directors have been advised that, after completion of the merger and the placing, the Company is not likely to be a close company as defined to the Income and Corporation Taxes Act 1970.
- Clearance has been obtained from the Inland Revenue under section 464 of the Income and Corpor Taxes Act 1970 and section 88 of the Capital Gains Tax Act 1979 in respect of the reorganisation of share capital referred to in paragraph I above and the merger with Salon.
- The Directors have been advised that no material liability for copital transfer tax will fall upon the Company or any subsidiary as a result of the placing or as a result of the merger with Kalon but, "under the placing agreement referred to above, Mr. L. H. Silver has given certain indemnities in relation to, inter alia, capital
- Under current United Kingdom legislation, no taxation will be withheld from dividend payments by the (d) Company but when paying a dividend the Company has to remit to the Inland Revenue an amount of advance corporation rax ("ACT") at a rate which is related to the basic rate of income tax and is currently 1//the of the dividend paid. Accordingly, the ACT related to the basic rate of income tax and is currently sum of the cash dividend plus the ACT.
 - For shareholders resident in the United Kingdom, an amount equal in the ACT paid is available as a tax credit, which individual shareholders who are so resident may set off against their total income car liability or, in appropriate cases, reclaim to cash, A United Kingdom resident corporate shareholder will not be liable to in appropriate cases, reclaim to cash, A United Kingdom resi United Kingdom corporation rax on any dividend received.
- Whether holders of shares in the Company who are resident in countries other than the United Kingdom are entitled to a payment from the inland Revenue of a proportion of the tax credit to respect of dividends on such shares depends in general upon the provisions of any double tax convention or agreement which exists between such countries and the United Kingdom. Persons who are not resident in the United Kingdom. should consult their own tax advisers on the possible applicability of such provisions, the procedure for claiming payment and what relief or credit to by be claimed for such tax credit in the jurisdictions in which they

10. Working capital

The Directors are of the opinion that, having regard to the bank facilities available to the Company and its subsidiaries, the Group has sufficient working capital for its present requirements.

- The accounts of Leyland for the three financial years ended? Ist December, 1984 have been audited by Peat, Marwick, Mirchell & Co. The accounts of Kalon for the three financial years ended 31st December, 1984 have been audited by Robson Rhodes.
- The financial information contained in this document does not constitute full group accounts within the meaning of section 11 of the Companies Act 1981. Full consolidated accounts for Kalon and Leyland relating to each financial year to which the to formation relates have been delivered to the Regionard Companies with the exception of those for the year ended 51st December, 1984 which have not yet been so delivered. The auditors of each company have made unqualified reports under section 14 of the Companies Act 1967 in respect of each such accounts.
- Robson Rhodes and Peat, Marwick, Mitchell & Co. have given and not withdrawn their respective written consents to the issue of this document with the inclusion herein of their reports and therefore one the their names in the form and context in which they appear.
- Simon Houlston and Partners, Aircy Entwistle & Co. J. Trevor & Sons and G. F. Singleton & Co. have given and have not withdrawn their respective written consents to the publication of this document with the inclusion of the references to them and to their valuations (as the case may be) in the form and content in which
- Save as disclosed herein, there has been no material change to the financial or trading position of Kalon or Leyland since 31st December, 1984.
- Save as disclosed herein:neither Leyland nor Kalon nor any of their subsidiaries or Directors nor any person considered to be acting in concert with them owns any share; of Leyland or Kalon nor has Kalon or any of its subsidiaries or Directors or any person considered to be acting in concert with them dealt for value in any Ordinary shares or options of Leyland since 4th April, 1984;
- there is no agreement, arrangement or understanding between Kalon or any of its subsidiaries or any person acting in concert with any of them or any Director or recent Director or shareholder or recent shareholder of Leyland or any other person having any connection with or dependent or conditional on the merger or any related transactions. In particular and save for shares to be placed pursuant to the ment referred to above, the shares issued pursuant to the merger will not be transferred to
- any other person; it is not proposed in connection with the merger that any payment or other benefit shall be made or given to any Director of Leyland as compensation for loss of office or as consideration for, or in connection with, his office;
- the emoluments of the directors of Kalon will not be affected by the merger or by any other associated
- (v) the total emoluments of the Directors will not be varied in consequence of the merger. The following table shows the middle market quotations, derived from The Stock Exchange Daily Official List, of Ordinary shares on the first dealing day of each tonoth for the last six months up to the date of on of the listing and on 3rd April, 1985 (the last dealing day before the announcement of the merger

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and suspension of listing): --1st November, 1984 3rd December, 1984 2nd January, 1985 1st February, 1985 1st March, 1985

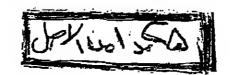
- 32 37 33 35 Neither the Company nor any of its subsidiaries is involved in any legal or arbitration proceedings which may have or have had during the twelve months preceding the date of this document a significant effect on the Company's financial position nor, so far as the Directors are aware, are any such proceedings pending or ned against the Company or any of its subsidiaries.
- It is expected that listing of the Ordinary shares will be granted by the Council of The Stock Estchange on 21st June, 1985 and that dealings will cummstace on 24th June, 1985.
- The expenses of the listing and placing, including the costs of preparing and circulating this document, are estimated to amount to £650,000 exclusive of VAT and are payable by the Company.

(k) The placing price represents a premium of 15p to the nominal value of 15p per Ordinary share.

12. Documents for inspection The following documents or copies thereof may be inspected at the offices of Ashurst, Morris, Crisp & Co., Broadgate House, 7 Eldon Street, London EC2M 7HD during normal business hours no any weekday. Saturdays and public holidays excepted, for a period of forument days following the date of publication of this document:—

- (a) the Memorandum and Articles of Association of the Company; (b) the audited consolidated accounts of Kalon and Leyland for the two years ended \$150 December, 1985 and
- the reports of Robson Rhodes and Peat, Marwick, Mitchell & Co. and the statements of adjustments the
- the service agreements referred in an paragraph 4 allowe; the share schemes referred to in paragraph 5 above;
- the material contracts referred to in paragraph 7 above;
- (g) the valuations of property of the Group referred to in Parts IV and V;
- (h) the consents referred m in paragraphs 11(e) and 11(d) above; and as the letter to shareholders of Leviand dated 23rd May, 1985.

Dated 18th June, 1985.



THE MANAGEMENT PAGE

EVERYBODY needs heroes, particularly when times are tough. As Western Europe struggles with sluggish growth and rising unemployment, the quest for economic rejuvenation almost everywhere has creeted its own man of the hour-the plucky and ingenious entre-

Tributes to "small is beautlful" and exhortations to greater individual risk-taking are now heard as often from Socialist ministers in France as in Britain and West Germany. In almost every country, ateps have ben taken or are planned to stimulate small business activity by cutting red tape and providing fiscal incentives.

Venture capital funds, almost unknown in most of Europe a few years ago, are springing up to provide equity finance for "start-up" companies. The Brussels-based European Venture Capital Association (EVCA), formed in 1983 with EEC support, now has more than 100 members and estimates that almost Ecu 5bn is available for investment.

The one element in conspicu ously short supply so far is entrepreneurs; or, rather, enough of them with the drive, vision and management flair needed to turn today's small firms into tomorrow's big businesses. "The number of potennesses. The number of potential growth companies in Europe run by people with a growth mentality is very small," says Raymond Appleyard, head of the EEC Commission's impo-

An EEC study of 40-odd newly-formed European firms in the late 1970s found that few had coherent business plans for futore growth and none was seriously trying to expand outside its home market. By some estimates, lack of suitable opportunities has also driven European venture capitalists to invest more than balf their funds so far outside Europe chiefly in the U.S.

Academics, government offi-cials and financiers agonise endlessly over the reasons. Is it just a question of time? Are further changes in government policies needed? Or is it that, as one senior EEC official wondered aloud recently: "Maybe we Europeans just aren't very competitive people?

Even fervent enthusiasts believe it will be at least a decade before Europe masters the formula for success, "I am an optimist, but it would take a miracle to catch up with the U.S.," says Maurice Tchenio, head of the Paris affiliate of Alan Patricof Associates, a leading American venture capital firm. "The best we can bope for is to keep the gap constant."

The pace has, nonetheless, quickened since the late 1970s. quickened since the late 1970s. agers have spun off from larger Most of it is still centred in companies such as Olivetti-and Britain, the first country in Fiat to set up on their own.

Entrepreneurs

A conspicuous shortage of vision and flair

Guy de Jonquieres continues this series by examining the record of those seen as economic rejuvenators



Europe to embrace the entre-preneurship cult. From 1981 to or 1984 Ecu Ibn of venture capital investments were made in the UK, two-thirds of the EEC total, according to accountants Peat Marwick Mitchell. That compares with Ecu 12bn in invest-ments made in the U.S. in the

The UK Unlisted Securities Market, established in late 1980, is also by far the biggest vehicle in Europe for the issuing and trading of shares in small firms, with some 300 companies quoted. Areas like Cambridge and the M4 motorcambridge and the M4 motor-way corridor bave led the way as havens of high-technology enterprise, while the UK has pioneered the trend in manage-ment buy-outs; there have been more than 400 in the past three

Some of these phenomena have lately spread to continen-tal Europe, More than 70 companies have obtained quotations on France's unlisted market since it was established in early 1983, and many have performed 1983, and many have perform spectacularly well. The Dutch parallel " market features

In West Germany, though equity financing is scarce, clusters of new high-technology companies are springing up in West Berlin, around Munich and in Baden-Wuerttemberg. In Italy, which bas long had a flourishing small husiress sector, several groups of mansector, several groups of man-



Europe's new-found enthusi-asm for entrepreneurs owes much to experience in the U.S., where it is estimated that as many as two-thirds of all net new jobs created in the early 1970s were in small businesses. Just as important is the stimulus to innovation from small American companies, which have proved highly effec-tive at diffusing technology, turning bright ideas into pro-ducts much more rapidly than large, bureancratic organisa-

Europe's lag does not seem due to any inability to create new firms. Indeed, compared with the 600,000 businesses formed in the U.S. in 1983, 170,000 were created in Britain and an estimated 150,000 in West Germany, roughly equivalent in relation to population. The problem, rather, lies in getting them to develop.

In some countries, the odds are stacked against new busises right from the start. In Belgium, it can be a real chal-lenge just to become incorporated, as EVCA has found to its chagrin. In spite of a helping hand from King Baudouin himself, it has waited more than 18 months for official publication of its articles of association, without which it could not even open its own bank

In West Germany, which has many thousands of small familyowned companies, local chem-bers of commerce and banks do a lot to help new businesses get started. The Federal Govern-



ment and several states also provide generous development sub-sidies to small high-technology firms. Many of the new ventures are in computer software, which involves only a small invest-ment in fixed assets.

But the German legal system frowns on risk-taking; owners of family businesses which go bankrupt are subject to unlimi-ted liability for up to 25 years. "If your company falls, you lose your whole reputation," says Dr Albrecht Angstenberger, research director. Leitron, a two-year-old German cuit boards. "It's very hard to start again."

experience suggests though, that a high casualty rate is a key element of a flourishing entrepreneurial economy.
One study has found that
American firms with fewer than
20 employees have less than a
40 per cent chance of surviving more than four years.

In Italy, rules which exempt employers with fewer than 35 staff from social security contri-butions are blamed for dis-couraging companies from getting bigger. Those which do, often split themselves in two or are forced to merge with larger

Finding the right sales and distribution channels can also be a struggle. "There is far more clarity about markets and business statistics in the U.S.

—it's far simpler there to find out who to sell to," says Geoff Taylor, managing director of 3i Ventures, Britain's oldest and largest venture capital fund.

Large European companies are often criticised for not doing more to help small entre-preneurs. Though companies including Pilkington, Shell, Sie-mens, Philips and Olivesti have joined the ranks of venture capitalists, relatively few have made a point of including newly-formed firms among their suppliers and sub-contractors.

"It's no big deal for e com-pany like Thorn EMI or Ferranti to invest half a million pounds in the equity of s small company," says Taylor. "It's a much bigger risk for them to huy sub-assemblies from an unknown supplier." European governments also like to elicit with ernments also like to stick with long-established suppliers. In the U.S., by contrast, the federal government sets minimum

has also been a fertile sector for start-up companies backed by venture capital. But according to Malcolm Ross of consultants Arthur D. Little, there is almost no scope for such activity national telecommunications monopolies exclude all but a few favoured suppliers from their markets.

However, it is also widely conceded that much of the blame lies with European entrepreneurs, who are often far less experienced and less motivated in the UK have consistently found that high-technology startups fail mostly because of basic management errors such as under-estimating development times, giving product engineer ing priority over marketing or inadequate financing,

A common diagnosis is that too few proven senior managers are leaving the status and security of jobs with big com panies to set up on their own. Robb Wilmot, chairman of Britain's ICL, argues that many European managers who leave large firms to set up on their own do so because they only want to run small businesses,

but only big companies create wealth," be says.

A second, widely blamed constraint to growth is the marked aversion of many small busi-nessmen, especially on the Continent, to surrendering control of their companies to gain equity capital for expansion.
"Many people would rather own 100 per cent of a small company than 20 per cent of a big one," says Dr Carlo de Benedetti, chairman of Olivetti.

This attitude is particularly prevalent in West Germany, where a shortage of equity capital after the war left most companies with no option but to rely heavily on bank borrowing. Though equity issues have slowly gained popularity in the past two years, Germany still has only about 440 quoted companies, and trading on the Frankfurt bourse is limited to and trading on the two hours a day.

Some venture capitalists say they are reluctant to invest unless there is a variety of proven easy access to equity markets, to enable them to realise their quotas for orders from small large firms to set up on their investments quickly. In fact, businesses; they supplied almost own do so because they only only a small fraction of venture.

20 per cent of the Pentagon's want to run small businesses, bound companies go public in this state of the Pentagon's want to run small businesses, bound companies go public in this is the second stricts in this \$124bn procurement last year. not to get rich by growing fast, the U.S.—the peak was 120 in spries; the first appeared on June 17 In the U.S., telecommulcations "Small firms may create jobs, 1983; but the existence of a and the next will eppear on June 17.

vigorous stock market provides psychological reessurance well as a yardstick to value the many firms which make private share placements or are

One solution under study is a proposal to create a Europe-wide over-the-counter market wide over-ine-counter market, modelled on the U.S. Nasdaq, on which Ecudenominated shares could be traded. A feasibility study by ELBAssociates, a Geneva-based financial services for the state of the counter of the c vices firm, is due to be pub-lished later this year.

The scheme faces many obstacles, however. Among them are national exchange controls. a ban on German citizens hold-ing Ecu-denominated assets and resistance from some financial institutions, notably in London, which feer that it would under-mine their securities trading

Though its progress so far has been limited, Europe's drive to create more entrepreneurship has been hiessed by exceptionally favourable circumstances in the next the control of the last the l cumstances in the past three years: a recovery, albeit modest, in aeveral European economies support schemes and perhaps most important—buoyant stock markets. a proliferation of government

But recent problems at com-panies such as Britain's Sinclair Research and Acorn Computers. provide a sharp reminder that high-flyers—and investor confcan be grounded over-"I foresee a hell of change in the climate if we have a couple of years of falling share prices," says Robin Hodgson, managing director of Granville Securities of London a licensed securities dealer and

How well-equipped Europe is to deal with a patch of turbuence is uncertain, and some wonder whether management resources are up to the task. Bert Twasifhoven, an ebuilient Dutch entrepreneur who is president of Indivers, a cluster of small industrial companies claims that only a bandful of venture capital firms in the Netherlands really understands the problems of running small

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Optimists argue that Europe's budding entrepreneurs will only prosper in the long run if they learn to survive a crisis. For a lesson in bow to do it, they need only look—once more—to the U.S.; many venture capitalists there are now struggling to cope with companies which have gone sour and bave abruptly curtailed their new invest-

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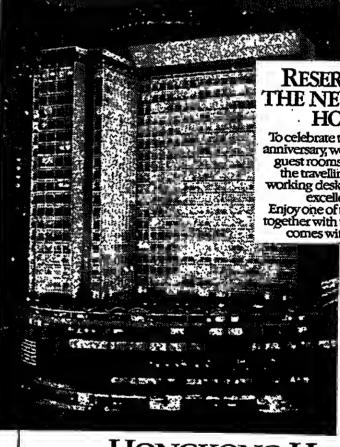
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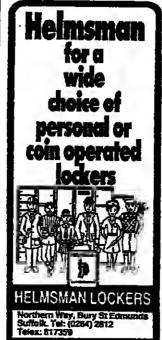
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FT COMMERCIAL LAW REPORTS

U.S. discovery of documents banned in English case

SOUTH CAROLINA INSURANCE CO v ASSURANTIE MAATSHAPPIJ DE ZEVEN PROVINCIEN Court of Appeal (Lord Justice Griffiths, Lord Justice Slade and Lord Justice Lloyd): Mev 23 1985

THE COURT will restrain a litigant from seeking to obtain pre-trial discovery of documents against a third party in the U.S., in that preparty in the U.S., in that pre-trial discovery and discovery against persons who ere not party to the action are not permitted under the English rules of procedure to which the conrt is subject

CHRISTOPHER LOC

The Court of Appeal so held when dismissing on appeal by defendants. Assurantie Mastshappij De Zeven Provincien shappij De Zeven Provincien ("Zeven"), Arabian Seas Insurance Co and Al Ahlia Insurance Co, from Mr Justice Hobbouse'a order restrainting them from taking further sleps in their application for the assistance of the U.S. District Court Western District of Washington at Seattle, in obtaining discovery of documents altuated in the U.S. for use in English actions brought egainst them by South Carolina Insurance Co.

LORD JUSTICE GRIFFITHS said that South Carolina, an American insurance company, reinsured another American company and then reinsured that risk on the London market with Zeven, Arabian Seas and Al Ahlia.

It called on Zeven to pey sub-stantial sums under the re-insurance contracts. Zeven refused to psy and disputed

By a writ dated December 12 1984 South Carolina commenced an action egeinst Zeven. On February 28 1985 it commenced a second action against Al Ahlia and Arabian Seas.

Zeven indicated that a number zeven indiceted thet e number of substantial defenres would he raised including allegations of misrepresentation end non-disclosure. The same defences would be raised in the other two actions, and in all probability the ections would be consolideted.

In order to make good those defences the three defendants wisbed to see the documentation that underlay the placing of the reinsurance. The documents were in the possession of underwriting egents and loss adjusters in Washington.

The defendants asked the underwriting ageots if they could inspect the documents. The agents referred the request The agents referred the request to their principal who consulted South Carolina. The request was refused. The defendants therefore decided to use the American pre-trial discovery procedure to obtain the documents.

On March 28 1985 they lodged with the District Court at Seattle e petition for judicial assistance

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pelition they sought ao order that the underwriting agens end the loss edjusiers produce the documents.

The District Court ruled that South Carolina must file its affidavit in opposition to the petition by April 29. Before that date South Carolina took out a summons in the English court in the closed did discovery take place. It was then limited to documents in the possession, an order that the defendants withdraw their petition or be enjoined from proceedings further, and for a declaration that the motion for pre-trial discovery as in the T.S. was an abuse of the process of the English court.

The summona was heard on April 24. Mr Justice Hobhouse to recarrained from taking further steps in the U.S. motion. He refused to order withdrawal of the pention.

The defendants now appealed. The American approach to the trial of civil saits in England and America. The difference ceotred on the di

The defendants now appealed. The American judge, Judge Barbara J. Rothstein stayed pro-ceedings pending judgment in England.

Section 1782, on which the Section 1782, on which the defendants relied provided that "(a) The District Court...may order [a person]...to produce a document...for use in proceedings in a foreign or international tribunal.... The order may be mede...upon the application of any interested person..."

There could be no question but that the defendants were interested persons. They said the documents were essential to the conduct of the English action, and that it was in the interest of justice that they should be seen at the earliest apportunity.

They submitted that their conduct was neither unjust nor unconscioneble, but that they bad been driven to it by the unjust and unconscionable behaviour of South Carolina who, in breach of an insurer's duty of good faith, had obstructed their eccess to the documents.

Despite the weight of their arguments, Mr Justice Hob-house was right to make the order that he did. It was a fundamental prin-

7 An American soldier in the

pursuent to 28 United Stetes be settled in accordance with tribunal would not be within Section 1782. By that English procedure.

Petition they sought ao order that the underwriting agents end approach to the trial of civil suits eccepted the court in which their

The indications were, bowever, that the American court would The indications were, bowever, that the American court would not order discovery under section 1782 which was not obtainable in the foreign country in which litigation was proceeding. In Selas Corporation of America v The Electric Finance Company Judge Newcombe said "this court should not ... under section 1782 allow lingants to circumvent the restriction imposed on discovery by foreign tribunals." In John Deere v Sperry (U.S. Court of Appeals Third Court) Judge Garth said "A grant of discovery that trenched on the clearly established procedures of a foreign

once the parties had chosen or eccepted the court in which their dispute was to be tried, they must abide by the procedure of that country, and the court must be master of its own procedure.

Litigation was expensive enough, and if a party fighting a case in England had to face the prospect of fighting procedural battles in another jurisdiction, it might impose intolerable burdens and encourage the worst and most oppressive form of procedural forum sbopping. The courts must set their face against any such situation developing.

As Justice Hobbouse had sald, the court would lose control of

accordance with its own pro-redures.

On the facts of the present case the judge made the right order. He refused to make a derlaration and was right to do so. It would be very exceptional for a court to make a declara-tion on an interlocutory

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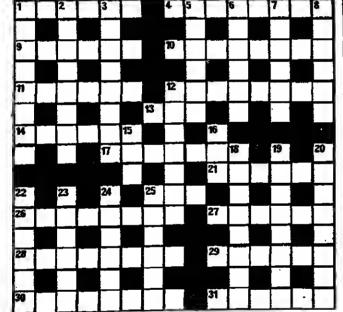
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1 Illegal take-over (6) cart turned very sad (8)
4 Various trades—so different 8 Feel sentimental ab

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1 lilegal take-over (6)
4 Various trades—so different (8)
9 A non-drinker going Inside managed to find a stick (6)
10 Accepteble excuses given by e social worker (8)
11 In a bad way (6)
12 Suggesting a maughty child being deceitful (8)
13 Hotel using very little tinned food (3)
14 He offers drinks about eleven (6)
17 Merks the wrong section (7)
21 Letter ebout e sportsman causing contention (6)
25 Note neat shrub (3)
26 Not one with aspirations—not any more (2, 8)
27 Depression about the City appears appropriate (61)
28 A grim lad rendering a song (8)
29 Flagrant licence (6)

7 An American soldier in the cart turned very sad (8)
Feel sentimental about silver in senility (6)
12 Cutting equipment put right after misshapen coin is discovered (7)
15 Issue some reasonable orders (3)
16 Basis for a degree (3)
18 Music played nowadays in peareful surroundings (8)
19 Nesty beast imprisoning people underground (8)
20 A person willing to have a go at gold (8)
21 Strike in a recession, as is natural (6)
22 Quiet trainee bound to obtein contract (6)
23 Quiet trainee bound to obtein contract (6)
24 Perfect for the National Trust in Ireland (6)
25 Got a worker to accept about a thousand (6)
26 Flagrant licence (6)

29 Flagrant licence (6)
30 People living in Belgium as subject people (5. 3)
31 The landlord's correspond-

ence (6) DOWN

1 Spare man needed for cheese-making (8)
2 Annoyed about a Greek character being told (8) 3 An ecclesiastic lea-nothing

fancy (8)
5 Only heartless men are pompous (6)
6 Love to get together, so it's

APPOINTMENTS

International consumer markets head at Bank of America

BANKAMERICA CORPORATION has appointed Mr Les
Biller as director of international consumer markets. He
will manage the bank's retail
operations overseas, and will be
based initially in London. He
joins from Citibank, where he
was regional consumer business
manager for the UK, Ireland and
Scandinavia.

joloed RHP in 1982 as sales
director of RHP Industrial
BER SOUTHERN REGION has
appointed Mr John Ellis as
deputy general manager. He
succeeds Mr Gordon Pettitt who
became the region's general
manager in April. Mr Ellis was
assistant general manager
(south) of Eastern Region

Following the acquisition of MUIRHEAD by the RHP Group. Sir Raymond Brown has resigned as chairman of Muirhead and is replaced by Mr Peter Holmes, RHP group chief executive. Mr Bentard V. Hide has been appointed a director of JARVIS BROTHERS & BREWSTER (CONSTRUCTION), a wholly owned subsidiary of The British managing director of Muirhead. Mr Croshy is an executive director of RHP Group. He has relinquished his responsibilities as managing director of RHP Group. He has reinquished his responsibilities as managing director of RHP Group. He has struction Group during which as managing director of RHP Group. He has struction Group during which ime be had group responsibility for partners, speculative and sheltered bousing projects.

BET has appointed Mr Ted
Weston, managing director of
Initial, as a director. BET has
had a shareholding in Initial
sinre 1950 and, last month, made
a successful public offer for the
remaining 58 per cent of the
shares

a successful public offer for the remaining 58 per cent of the shares

Mrs Lillana Archibald will be joining the board of FENCHURCH GROUP INTERNATIONAL on July 1 and will be appointed managing director of CIS International and Fenchurch finernational Consultants. Mrs Archibald joins from Lloyd's where ahe bas been special adviser for EEC and international affairs.

Mr A V ***

Mr A V ***

MOLDINGS.

**

TEMPCO UNION bas formed a specialised distribution division with Mr Simon Bellinger as managing director. He has joined from the Currys Group, where be was a divisional manager. Mr Brian Inaman moves from distribution director to commercial director of the new division, with responsibility for maintaining existing business and securing new contracts.

Mr Graeme Farquharson has joined the board of history and histo

Mr A. V. (Dickie) Alexander, chairman of Sedgwick Group Underwriting Services, and a non-executive director of Sedgwick Group, has been re-elected chairman of the British INSURANCE BROKERS' ASSOCIATION. Both Mr Brian Denney, of Denney O'Hara, and Mr David Palmer, chairman and chief executive of Willis Feber, have been re-elected as deputy chairmen of the Association.

Denney, of Denney O'Hara, and Mr David Palmer, chairman and chief executive of Willis Feber, have been re-elected as deputy chairmen of the Association.

SIEMENS LIMITED has appointed four board directors: Dr Hans Vegelsang and Dr Gerhard Knehne, both members of Siemens AG'a management board, will serve as non-executive directors. Mr Bernd J. Meloch and Mr Hans-Martin Steinie bave been promoted from divisional directors within Siemens Lid to full executive directors. Mr Meloch's principal companies of the principal companies of the group. They are Mr Hugh Scurfield, general manager and ectuary of the Norwich Union Fire Insurance Society, and Mr Allan Bridgewater, general manager of the Norwich Union Fire Insurance Society, Both retain their executive responsibilities. The appointments are from July 1.

Mr Douglas Routledge, director and agency manager of BRITANNIC ASSURANCE, will be retiring at the end of July. Mr P. C. Hull bas been elected a director. He is accountant to Meloch and Mr Hans-Martin Steinie bave been promoted from divisional directors within Stemens Lid to full executive directors. Mr Meloch's principal responsibilities are the electrical power engiocering and automation activities largely based in Congleton, Chesbire. Mr Steinle is responsible for all all of Siemen's telecommunications and electronic components interests in the UK.

Mr I. W. Galloway has been mappointments are from July 1.

Mr Douglas Routledge, director and agency manager of the retiring at the end of July 1.

Mr P. C. Hull bas been elected a director. He is accountant to the company.

**Mr Peter C. Le Mesurier has been appointed group financial controller of JOHNSON MATTHEY from July 1. Mr Le Mesurier bas been group budget

Mr I. W. Galloway has been desurier has been group budget appointed managing director of controller since November 1934 and was previously a divisional at Newark, e division of RHP finance director with Grand Bearings within RHP Group. He Metropolitan Group.

became the region's general maneger in April. Mr Ellis was assistant general manager (south) of Eastern Region.

Mr Graeme Farquharson has joined the board of HILL MARTIN (INSURANCE BRO-KERS), a wholy owned subsidiary of Hill Martin.

Mr R. E. Morgan has been appointed director and general maneger of THE DOVER ENGI-NEERING WORKS, part of the Newman Industries Group.

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318 Financial Times Wednesday June 19 1985 **AUTHORISED UNIT TRUSTS & INSURANCES** 101.00 200.12 48.6 50.0 170 3 m 110 6 m 112 8 294.1 49.0 49.0 53 7 Barchys Life Assur. Co. Ltd. 252 Romlord Road. 57 TSB GIK & Fad let 205.3 232.0 192.8 213.6 213.6 136.2 213.4 136.5 150.5 150.5 119.7 135.7 10 1460 1473 3 4250 2 1360 3013 1293 5 1210 3 1210 0 1120 01-247 75447 109 (65.90) 82 7 6 83 3 124 7 150.600 112 000 -08 0.37 +04 5.79 +0.2 133 +0.7 5.17 -0.6 158 -1.5 152 -0.8 0.90 2498 12498 1255 1277 1277 1277 1274 1403 1403 1214 1169 Perman Fd. Utc.
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Australia and U.S. in talks on grain sales

By Our Commodities Staff

AUSTRALIAN AND U.S. grain officials met in Washington sterday to discuss the impact of the recent American grain

The U.S. Department of Agriculture is expected to announce this week a further step in the export programme, following similar lines to the big cut-price wheat sale to Algeria last month. Egypt and Morocco have been mentioned as two possible target areas.

Although the U.S. programme was aimed primarily at recapturing markets lost to the European Community, Australia fears that it may he one of the main sufferers. It is worried that the EEC, having heen forced out of some markets will merely turn to other areas traditionally served hy other grain exporting countries, in-cluding Australia. Mr Boh Hawke, the Australian Prime Minister, said in Camberra that Australia will seek to have U.S. efforts aimed at retaliating against the European Community's export subsidies dealt with in a hroader framework.

Meanwhile Australian Wheat Board announced it had sold a further 400,000 toones of wheat to China for delivery this year. The sale is the second one since a long-term agreement hetween Australia and China expired at the eod of 1984. In April this year Australia said it had sold 600,000 tonnes of wheat to China.

The Chinese, while continustepping up their exports of feedgrains. Reuter reported from Peking that China exported 956,000 tonnes of maize to South Korea during the first four months of 1985, overtaking the U.S. as the main supplier,

Soviet Union agreed to resume agricultural co-operation, Mr Daniel Amstutz, the U.S. agriculture under-secretary, an-

Dollar's decline lifts gold price

upward surge yesterday boosted by a further weakening in the value of the dollar and the reduction in U.S. interest rates. The London gold bullion spot price gained \$5.50 to close at \$324.75 an ounce, its highest level for more than a month.

The London free market price

of platinum jumped by \$8.90 to \$279.15 an ounce. Silver was also sharply higher in dullar also snarply nigher in dnilar terms. The spot price was lifted by 9.4 cents to 630.4 cents an ounce at the Loodon hullion fixing, but the sterling equivalent was only a modest 2.2p up at 489.65p.

The rise in the value of sterling compared with tha

sterling compared with that dollar was a generally depressing infinence on base metal prices on the London Metal Exchange. Aluminium, nickel, the and rine values were all

GOLD CONTINUED its recent lead resisted the downward upward surge yesterday boosted trend. Copper was held steady by a renewed "squeeze" on sup-plies immediately available to the market which narrowed the gap between the cash price and three months quotation on the higher grade market. The firmer trend was helped by a rise in early dealings on the New York copper market Charles Barker City, London

hased advertising and public relations agency, announced yesterday that it has been appointed by a number of copper producers to prepare de-tailed proposals for a generic campaign to improve the "image" of copper and stress its importance as an industrial raw material. If the proposals are accepted between \$6m and \$10m will be spent over three to Exchange. Aluminium, nickel, fivs years in promoting copper tin and zinc values were all marked lower. But copper and many, Italy and the UK.

European zinc quotation lowered to \$880 a tonne

8Y OUR COMMODITIES EDITOR

THE MOVE to cut the Europer lh, tonne lots in warehouse, near zinc producer price by \$50 3.90-4.20. THE MOVE to cut the European zinc producer price by \$50 to \$880 a tonne initiated by Metallgesellschaft last week was yesterday followed by the rest of the producers. As a result the Metal Bulletin quotation was formally lowered to \$880—the second reduction in less than a month.

Although the downward trend in LME zinc values continued yesterday, reflecting the rise in the value of sterling, the cash price moved hack up to a slight premium over three months' quotation following a renewed scarcity of immediately avail-

able supplies.

Preussag, West German smelters, announcing that it was cutting its official producer price to \$880.

 Weekly metal prices supplied by Metal Bulletin: ANTIMONY: European free

market, 99.6 per cent. \$ per tonne, in warehouse, 2,650-2,750. BISMUTH: European free

CADMIUM: European free market, min 99.95 per cent, \$ per lh, in warehouse, ingots, 0.67-0.73, sticks, 0.72-0.78. COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 11.25-11.35.

MERCURY: European free market, min 99.99 per cent, \$ per fissk, in warehouse, 287-297.

MOLYBDENUM: European
free market, drummed molybdic
oxide, \$ per lb Mo, in warehouse, 3,30-3,45.

SELENIUM: European free parket, min 99.5 per cent, \$ per lb, in warehouse, 6.65-7.15. TUNGSTEN ORE: European free market, standard min 65 per cent, \$ per tonne unit WO,

VANADIUM: European Free market, min 98 per cent V.O., other sources, \$ per lb V2Os, cif, URANIUM: Nuexco exchange market, min 99.99 per cent, \$ value, \$ per lb U.O., 15.00.

Brazil may cut orange juice minimum

BRAZIL MAY cut its minimum export price for frozen orange juice from \$1,800 a tonne to \$1,500, according to reports cir-culating in the New York market.

The rumours caused a sharp fall in the New York futures market on Monday night but values steadied a little in early trading yesterday.

WEST GERMANY was well clear at the top of the European rabies league last year with 7,055 recorded animal deaths from the disease, according to figures released by the World Health Organisation. France had the next highest number of cases, 2,871, followed by Czechoslovakia with 2,444 by Czechoslovakia with 2,444 and East Germany with 2,015 The European total was 23,618
INDONESIA plans to expand the annual capacity of its aluminium smelter plant in north Sumatra to 400,000 tonnes from 225,000 tonnes. The expan-

sion project is expected to be completed in 1890.

GUYANA is siming to diversify its bauxite production sway from its current depend-ence on calcined heuxite with technical assistance from Reynolds Metals Company of the U.S., according to Mr Carl Greenidge, the Finance Minis-

• THAILAND is to ask the U.S. and Japan to huy additional nonquota sugar at premium prices. Senior Thai government delegations will seek high-level talks soon with the U.S. for possible additional imports of its raw sugar outside the 85,560 tonne export quota Thailand received for the year ending September

CHINA has assured Malaysia

it will keep direct purchases of rubber this year near 1984's level of 115,000 tonnes. Malay-sia recently asked China to step up direct purchases which have fallen to between 3,000 and 4,000 tonnes a month since February compared with 8,000 to 9,000 a month last year. Traders said China had bought more rubber from Thailand than Malaysia in the

Mixed outlook for steam coal trade

other steam coal shippers 1985 will show a marked improvement on last year, at least as far as tonneges are concerned. For prices, the misery is shared, with no sign yet that levels are going to recover from the \$41 a tonne level for South African benchmark coal

At the start of the At the start of the year prices were running at \$43.50 a tonne (foh barge) but fall back by \$2 when the UK miners went back to work. With a period of slack demand ahead tha \$41 spot price looks difficult

One curious development has emerged in recent weeks—the passing of the mantle of price setter from South Africa alone to South Africa and Australia together. In light of the higher ocean freight charges for

SPOT STEAM COAL MARKER

May, 1985 \$47.50 June, 1984 (South African 10,600 Btu/lb 0.8% suiphur, fob barge, Rotterdam)

price levels lies in the freight advantage of some of the very large vessels now plying the Australia-Continent trade with a 155,000-tonne cargo—Aus-

order to find a market for this tormage the Australian shippers INTERNATIONAL COAL REPORT are having to accept buyerdetermined prices. But they run e very real risk that the Canberra government will inter-vene and withhold export per-

mits if the prices get too low. In contrast with Australia, relatively-modest tonnage increases are expected for South African shipments this year taking exports to around 40m tonnes. And much of this is Some explanation for these

Although some growth demand is expected in Japan and the Far East during the next few months, it is to Europe that most attention has tralia's largest-ever steam coal that most attention has shipment—having recently been loaded at Abbots Point for the Danish utility huyer Eikraft.

It is going to be a year of extremaly mixed fortunes in steam coal trading into Europe and much higher mining steam coal trading into Europe. For Poland and the UK shipments are going to be well but recent prices for Australian material bave been more than below par while for almost all a match for South African other steam coal shippers 1985 prices.

Another explanation lies in to come on line among European electricity utilities this the sheer volume of coal now pean electricity utilities this moving out of Australia. A respect to seem to defy economic logic. Cord 82m tonnes is expected to moving out of Australia. A respect to seem to defy economic logic. But recent prices for Australian for South African June 30, np from 66.5m tonnes of annual coal consumpones of annual coal consumpones. in unprecedented volume.

While some of this volume,
which represents over 25m
toones of annual coal consumption—will be replacement coal
capacity and some will be
designed for burning demestic. ally-produced coal (such as the Drax extension in the UK), many were built solely to take imported coal alone.

An expected ragged export performance by the National Coal Board and the recent revelation that Polish coal exporter Weglokoks may be 7m tonnes down on 1984's 43m tonnes of exports—all the deficit being in steam coal shipments-has presented many coal salesmen with a much larger European market than they had expected only months

Gerard McCloskey is editor of the FT International Coal

Pig disease scheme attacked

PIG PRODUCERS are up in arms about a Ministry of Agri-

culture scheme to eradicate disease in their herds which they say is a waste of money. of the main pig producing regions in the UK, have formed a protest group to try and end the costly programme aimed at

wiping ont Aujeszky's disease-a kind of porcine herpes. Although farmers themselves voted in a poll in favour of tha producer-financed eradication scheme over two years ago, many now claim that they were hadly misled about the cost by the Government. They say the vote would have gone very differently if the full facts had

been known. The Pig Disease Eradication Fund, set up to administer the scheme, hrings in some £4m a year through its sales levy of 30p per pig, but this has proved quite insufficient to meet the cost of compensation to producers whose diseased animals have had to be slaughtered.

The thin trading Arab Gult trudes actioned 5-10c while Brent firmed. Nymex opened 11c up for July and was 15c up at 1 pm EST after trading within a 6c mage. In the petroleum products market gas all prices firmed on tight prompt gas oil supply, good demend on the barges and a firm Nymex. Despite this the gas all market tree year strict.

As a result the Fund has an overdraft of £14m. This means pig producers will have to go: on paying the 30p levy for many vars to come years to come.

With the pig market entering autumn this is an increasingly hurdensome drain on profit-ability, opponents of the schema

they were told it might cost £6m and prove a relatively short-lived affair. But it has already cost many times that and there are growing doubts as to whether the disease, which in the past has flared up and then receded, can be completely wiped out. Only last month, Aujeszky's

claimed one of its largest ever casualties when 2,700 plgs from one herd had to ha slaughtered. The House of Commons select disease, arguing that maintain-committee on agriculture ing the health of the national recently published a report on pig herd is vital

tha downside of its notorious take the form of Government price cycle after peaking last cash to help write off the eradication company's overdraft — hut so far the Ministry of Agriculture has refused to sanction such a grant for a project The angry pig farmers point which it argues was entered into out that when they were first asked about funding eradication That position was reaffirmed this week by Mr. Michael Jopling, tha Agriculture Jopling, Minister, when he met Fund representatives

> . The immediate aim of the new protest group is therefore to try and organise a new poli of producers to overrule the But that campaign is likely to split the ranks of pig producers.

their income falling. Many will stoutly defend the need to stamp out Aujeszky's

Glut threatens Indonesian rice programme By Our Commodities Staff

AKARTA — Indonesia, after achieving record rice output last year, is facing storage and price prohlems which threaten to jeopardise its rice programme and cut production. according to western agricultural experts.

Rice production rose 6.4 per cent in 1984 to 25.8m tonnes. turning Indonesia from the world's higgest rice huver into a net exporter. The country's five-year plan, started last year, projects further gains in output and Mr Arhmad Affandi, the Agriculture Minister expects output to rise by 4 per cent this year. The experts say, however,

millions of farmers who are finding it hard to sell their crops may turn to other more profitable crops when they see could jeopardise government rice policy," one noted. Presi-dent Suharto has made increasing rice output a cornerstone of his food policies

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	close(p.m.) —	Tugi /iow
Cash 5 months	794,5-5,5 815.5-6	-9.5 +9.5	872_1813_5
(810 5-1): 1 settlement	closing (e tkree ment 795.5 (81 17. Tumov	n 616.5 1), F	7 (827-8): Inel Karb

COPPER

Higher grad	e Une ffic	!!+ <u>o</u> r	lah/Low
Cosh Three m'nth	1190 5 1155,5	0 + 9 7 -2.5	154:1193 141:1136
Official ct (1,132- 5, (1,144 5-5 5) Final Karb	tkrea :	mentks int 1,133	t, 138-4
Cathodes Cash Three minth	- : 1111-3 : 1123-6	+1	1129/1120

LEAD

r bet	tonne	
204-2 303-,5	2 25	805/508 504/501
cloe-ng	(sm): Cr	sh 304
305 (307)	. Finel K	erh class
	204-9 303-,5 closing three men 305)307)	

NICKEL

	closerp.m.		rign; i
Cash 3 months	4330-5 4250-6	-30 -52.5	4580/45 4105/42
(4.395.40); 51, settlem	clesing (sn three mont sm 4.380 (5-58 Tume	(ks 4,290 4,400) F	5 (4,30 insl ka

	close p.m. L per to	mne	for d
Cash 5 months	9505-605 9485-69	-127 -45	9630 4 9420 4
(8.740-50)	closing (am : 1hrea n esttiemen1 8	ion the	9,500

Official closing (am): Csah 9,650-8 (9,740-50); tkree months 9,500-5 (9,560-1): settlement 9,655 (9,750). Final Kerb close: 9,475-80. Tumover: 1,550 tonnes. Prests tin \$4629 90 kg.

ZINC

	Unofici close p.n L per	u.	:Hloh/le
Cash 5 menths	568-70 566-7	-8.5 - 12,25	574,5/56
Official (570-1): (5755):	closing (three n	nonlha	seh 568 565-9-8

MAIN PRICE CHANGES of tonnes unless

METALS	June 18 1985	+ or	Month Ago	June 1985 OILS
Aluminium	£1100 \$1000/000		£1100 \$1145/176	Occonut (Phil) . \$505 Paim Malayan \$570 SEEDS
Cash h Grade 5 mths 6 old troy oz Lead Cash 5 mths Hicks I Fres Mkt Palladium oz Platinum oz	211 38,75 8324,75 2300 6303,25 252/282c 2109,75	-0.85 -0.85 +5.50	\$517.5 £202.5 £297.5 258/280a \$106.75	Copra Phil Soyabean (U.S.) \$233, ORAINS Barley Fut. Sept. 897.4 Mairs (2146.) Wheat Fut. Sept. 296.6 No. 2 Hard Wint.;
Quicksilveri		+9.20 +1.90 -120 -47.5	\$280/290 486,50g	Cocos Ft. Sept. E1717 Coffee Ft. Sept. E8077 Cotton A Index Gas Oil Aug. 8211 Rubber Ikiko) Sugar Iraw! 592,6 Wooltoos 644
7 mths Producers	3,00d3	;—12 <u>.</u> 25	2046,95 2950/860	‡ Unqueted. ti Au w Sept. y July, z. 76 lb flesk. c Cents

GOLD

 Geld ross \$5½ an ounce from Men- day's cleas in the London bullism mar- ket yeareday to finish at \$3242-325. The matel opened at \$318½-319% and timded between a high of \$3242-325% and a low of \$3182-319. Timding was influenced orimarily by a sharp declina in the value of the dollar and a raduc- tion in U.S. Interset rates.
GOLD BULLION (fine ounce) June 19

DMS
654.99714 15554 58121 4.88141 1998121 90141 36121 4.6114) 1381541

491.0p +3 506.5p +8 LME — Turnover: 49 (32) lots of

The market opened so an easier note and continued to slide throughout the day, recovering alightly on the close-Lacklustre trade reflected on inactice physical market, reports Clarkson Wolff. The Softic Fraight Index was 926, down 2.5.

July 87:890 87:489 885:883 Oct. 919:913 913:913 915:913 Jan. 910:919 913:913 April 946,990 960:968 — July 910,929 912:925 — Oct. 970:005 979:090 — Jan. 950:1050 990:1025 — Agril 1929:999 1055:11e0 — Turnover: 41 (37).

METALS	1985	_	ago	OILS 1985 - ago
Aluminium Free Mkt Copper Sash h Grade S in the Sold troy oz S of mthe Hicks I Free Mkt Palladium oz Palladium oz Palladium oz Palladium oz Palladium oz Palladium oz To copper troy oz S in the Tin cash S mthe Tungsten Wolfram 22 04ib Zinc Producers	\$1000,000 21129,5 21139,76 21139,76 2304,75 2305,25 250,728 2109,75 2479,75 2489,250 29488 504,150 29488 504,150 29488 504,150 29488 504,150 29488 504,150 29488	+9.5 +5.5 +5.5 +5.50 +8.50 +1.90 +1.90 -12.5	£1174 £1177.5 \$517.5 £202.5 £297.5 259/280d \$106.75 \$289/250 486,509	Occonut (Phil) \$505v -16 \$67 \$55

 Geld ross \$5½ an ounce from Men- day's cleas in the London bullism mar- ket yeareday to finish at \$3242-325. The matel opened at \$318½-319% and timded between a high of \$3242-325% and a low of \$3182-319. Timding was influenced orimarily by a sharp declina in the value of the dollar and a raduc- tion in U.S. Interset rates.
GOLD BULLION (fine ounce) June 19

July Oct.	21036 887:890 619:613	High/Low 687,689 616/913	Prev. 885:883 'e15:e10
Jaп. April	945,980	960/968	_ =
July	910,989	012:925	' =
Oct.	070,005	072:080	
Jan.	9 60/1060	990:1025	_ =
Agril	1020/1086	1065:11e0	

	Palm Malayan 5570y 5595
5	SEEDS
5	Copra Phil \$570z \$406 Soyabean (U.S.) \$233,76w \$25,25,258.75
	GRAINS
	Barley Fut. Sept. (897.40 +0 18998.90

No. 2 Hard Wint	1 1	-0,20	3
OTHERS			
Cocoa Ft. Sept.	E1717.5		
Coffee Ft. Sept.		41	£2076.5
Cotton A Index	62,70		64.80a
Gas Oll Aug.	\$211		\$215,5
Rubber (kilo)	87p		63p
Sugar Irawi	592,6vu	-0.5	\$90
Waaltone 5de	MEZ-Mello		475 mkH a

Cotton A Index Gas Oll Aug. Rubber (kilo) Bugar Irawi Wooltopa 54s		+9.25 -1 -0.5	\$90
# Unoueted.	u Aug.	v Ju	ne-July
w Sept. y Jul	y. z Jul	y-Aug.	t Pe

Old croe wheat lost ground through-out the day as longs liquidated skad at the EC tender sed ohyaloet demand diminished. New crops traded either

Gald ross \$52 an ounce from Man-
day's close in the London bullion mar-
ket yesterday to finish at \$3241-325.
The metal apened at \$3184-3194 and
tmded between a high at \$324%-325%
and a law at \$3181,-319. Tinding was
influenced orimarily by a sharp decline
in the value of the dollar and a raduc-
tion in U.S. Interset rates.
GOLD BULLION (fine ounce) June 19

Glose 5324,539 Opening 53184,5194, M'ni'g fbt. 3491,96 Aft'n'nfbt. 8435,76	1£246 248(a) 1£249.942; 1£260.097;	
GOLD AND PLATIN	TUM COINS	١,
Kro'r'nd . \$319 9591e 1e Krug. \$172 1751e	(£1824 1554	١;
krug. 4884-885. I/16 Krug. \$36 381s	(£28-68\21 (£27\4-88\41	1
Mapieles/ 633414 222	1258 228121	М

Silver was field 2.2p an aunca kigker lar spot dalivery in the Londen buillion market yasterday at 489.65p. U.S. cent aquivalents of the fising levels were: apol 630 4c, u.g. 9 4c. three-manth 641 8c, u.g. 8 95c; alx-month 653 75c, u.g. 9c; and 12-menth 679 38c, u.g. 94 c. The metal opened at 487½, 490½p (627-630c) and closed at 482½-496½p (638-541c)

				•
+ or Month - Ago	Oils	June 18 1985	± or	Month ago
£1100 \$1 45/176	Coconut (Phil) Paim Malayan SEEDS	\$505v \$570y	10	\$670 \$595
+9 £1174 -9.5 £1177.5 +5.6 \$517.5	Copra Phil Soyabean (U.S.)	\$5702 \$233.76	wi-8.	25 258.7
£202.5	ORAIN8			
-0.25£297.5	Barley Fut. Sept Maize Wheat Fut. Sept	&146.50 t:£96.95		£98,90 £150,0 £131,4
+5.50 8106.75	No. 2 Hard Wint			. 3

GRAINS

Rubber (kilo)	87p	-1 63p
Sugar (raw)	592,5vu	-0,5 \$90
Wooltops 54s	457pkilo	
# Unoueted. w Sept. y Ju 76 lb fleak.	ily, z Jul	

Diese \$3241e.385 (£2501e.251) Dpening \$3184.5191, 1£248 2481e) M'ni'g fbt. 2£91.26 (£249.942) M'n'nfix. 8425,76 (£260.097)	July 116.50 -1.99 -7.40 +0.19 Sept. 96.25 -0.75 07.40 +0.19 Hov. 101.55 +0.05 101.22 +0.29 Jan 105.30 +0.16 104.70 +0.56 Mar. 108.45 -0.05 107.80 +0.18 Mey. 111.65 -0.05 107.80 +0.15
GOLD AND PLATINUM COINS (FO'rind .5319 35916 (£2563-39714) 4 Krug. \$173.17519 (£1324, 1553-4 Krug. \$894, 4848 (£22488); 1/16 Krug. \$46 3619 (£274.884)	Business done—Wheat: July 117.40- 8.50, Sept 98.35-8.25, Nev 101.60-1.50, Jan 105.30-5.15, Mar 108.55-8.45, May 111.65 enly. Sales: 183 lots of 100 tonens. Barley: Sept 67.40 enly. Nov 101.25-1.20, Jen 104.75-470, Mar 167.50

COFFEE

FREIGHT FUTURES

Sales: 4,008 (1,684) lots of 9 tonnes, 1CO indicator prices (U.S. cants per pound) for June 17: Comg deily 1979 132,30 (133,26); 15-day average 131,98 (131,96). RUBBER

INDICES FINANCIAL TIMES

June 17,Juno 14:M'th ago|Yearago 884,60 878.29 285,79 301,85

REUTERS June 19 June 17 Mith ago Year ago

May 14 May 15 M'th ago Yearago

Dow June June Month Year Jones 17 14 ago ago 8pot 119,55119.06 — |136.09 Fut. |120,86,121,12| — |136,87

DOW JONES

due in our trading the consumer erigins wan lows ware positions, 1	cegan allgkti et condition e weakness drift in grice price fielng a withdrawn. registered le reports Gill	of the Second The Ule-control The Inc.	ring let te della tone ligi toted bu f-centred new cro iffus.
COCOA	Yesterday's Close	+ от	Busines
	£ per tonne		
July	1771-1772	-14.0	1786-177

July 1771-1772 - 14.0; 1784-1710
Sept. 1717-1712 - 18.0; 1742-1710
Dec. 1696-1687 - 12.0; 1704-1885
Max. 1699-1700 - 18.6; 1710-1700
May 1719-1700 - 10.5; 1725-1714
July 1735-1730 - 12.0; 1765-1723
Sept. 1730-1740 - 19.5; Sales: 8,414 (2,105) lots at 10 tennes. ICCO indicator grices (U.S. cents per paund). Delly grice for June 18: 94.47 (84.18); five-day average for Juns 19: 95.02 (95.47).

SUGAR

LONDON DAILY PRICE—Rew sugar \$92.50 (£71.50), down 50c (down £1.50) a tonne ler June-July-August delivery. Wkits suger \$133.00, down \$1.00. The market again mn into soliling above \$95.00, basis October, and prices drifted lower before recovering, reports C. Czemikow,

Soyabean Meal

U.S. MARKETS

HEATING OIL rallied, with nibst of the strength in the nearby mouths, on expectations of a further draw down of distillate stocks and on profit-taking following recent declines triggered by rumours of impending crude oil price cuts, reports Heinold Comas the hard red winter wheat harvest was resumed again following recent rains. Maize and soyabeans moved higher mostly on buying related to a better tone in currencies. Soya oil traded mixed as technical selling and proces-sor hedging depressed nearby values. Precions metals yalues. Precious metals moved sharply higher as weakness to Federal Reserve funds fuelled expectations that a cuf in the discount rate was imminent. Copper and aluminium benefited from a firm tone in precious metals. Sugar was steady on the strength in outside markets. Cocoa found scaf-

GAS OIL FL	TURES			
Month	Yest'day's Close	+ or	ausine Done	100
	a U.S. per tonne	.]		-
July Aug Sep Oct	915.00 911.00 911.25 913.25	+2.25 +2.00 +1.76	213,25-f2 211,25-16 211,25-10 215,25-12	.00 .00 .25
Jan	\$16.50 \$16.00 \$17.50	+1.75 -0.50 -1.00	215,50-16 216,08-	.00
Turnover: toenes.	810 (1,4	130) lo	cs of 1	00

PRODUCTS—North West Eurepe Prompt delivery cif (5 per tonne) Promium gasoline 280-282 2 6as Oil 216-918 +9.2 Heavy fuel oil 26 128 -0.5

POTATOES \$ per tonne 59.00 | 57.50 66.50 | 66.20 77.90 | 76.50 85.50 | 81.50 65.00-57,90 66.00 78,30-77,00 83,58-82,00

Seles: 379 (518) lets of 40 tonnse. PIGMEAT

MEAT

103.80 103.90 103.90 107.70 | 167.70 | 167.70 | 167.70 | 108.10 | 108.10 | 109.70 | 88.50 | 100.00 | 99.70 | 99.50 | 98.80

SMITHFIELD—Penco por pound. Beet: Scottish killed aldea 76.0 to 82.0; English hindquarters 92.0 to 95.0, fote-querters 52.0 to 95.0; Ulster haddouerters 90.0 to 96.0. Vsel: Outch hinds and ends 136.0 to 140.0. Lamb: English arms! 80.0 to 58.9, medium 80.0 to 84.0, heavy 76.0 to 60.0; Imported: New Zesland Pt, 55.5 to 67.0, PX 65.0 to 65.5. Ports: English, under 100 lb 50.0 to 58.5, 100-120 lb 50.5 to 66.0, 120-160 lb 44.8 to 49.9. MEAT COMMISSION—Average fat-stack prices at rapresentative markets. GB—Cattle 99 44p ger kg lw (+0.04). GB—Sheop 181.62p ger kg ast dcw (-7.18). GB—Pigs 82.49p per kg lw (+3.97).

improved physical offtake.

Coffee remained steady on the lack of fresh initiatives.

Cotton declined in response to reports of poor demand. **NEW YORK** 45.50 48.90 48.90

OTHER MARKETS

WOOL FUTURES EUNIDON NEW ZEALAND CROSS-BREDS—Closs (In erder: huyer, seller, business). New Zealand cents per kg. Aug 538, 537, 537-536: Oct. 537, 538, 637: Dec 536, 537, nil; Jen 537, 538, 538-837: Mar 643, 546, 547-546: May 550, 552, 554-552; Aug 64, 566, 565; Oct 584, 587, nil; Dec 565, 568, nil, Sales: 44. SYDNEY GREASY WOOL—Close (In arder: buyer, seller, business), Australian cems per kg, July 645.0, 556.0, 647.0; Oct 633.0, 634.0, 635.0, 636.0, 638.0

Close
June 648.2
July 680.0
August 653.5
Sept 657.8
Dec 669.2
Jan 673.9
March 632.0
88ey 90.7
July 700.0
Sept 709.8
SUGAR WORLD
Gents/lb Close 2.98 3:07 3.17 3.50 4.08 4.29 4.45 4.61 High 2 99 3.06 3.18 3.53 2.94 4.08 4.29 4.56 July Sept Oct Jan March May July Sept Oct

Close 648.2 650.0 653.5 -867.2 669.2 673.9 682.0 890.7 700.0

Une 327.7 328July 328.6
August 330.5 331Oct 334.0 334.1
Dec 337.8 345.6
June 350.4
August 355.1 356.0
Oct 360.0
Dec 354.9 329.4
August 355.1 356.7
April 375.4
NEATING DfL 42.000
cents/U.8. gallons
Latest Alloh Close 327,7 328,6 330,5 334,0 337,8 341,8 345,8 350,4 365,1 360,0 364,9 370,1 375,4

High 328.2 331.3 334.5 339.0 341.0 345.0 356.0 368.4 368.7

LIVERPOOL—Ne spot or shipment enles were recorded. Operatine were at minimem levels and demand falled to show any expansion.

HGCA—Locational on-ferm apol prices. Feed barley: S. East 110.40, W. Mids 108.90, N. West 113.10. The UK monetary coefficient for the week beginning Monday June 24 (brand on HGCA calculations using five days exchange rates) is expected to remain unchanged.

Close High Cow July 27.31 27.40 27.31 August 26.38 26.49 28.30 Sept 25.78 25.91 25.86 Oct 25.35 25.95 25.33 Nov 25.06 25.22 25.00 Dec 24.78 24.94 24.75 Jan 24.51 24.75 24.50 Feb 24.40 24.95 24.38 March 24.30 24.48 24.30 GOLD 100 troy oz, \$/troy oz July Sept Dec March May July Sept 372,6 PORK SELLIES 38,000 lbs, cents/lb Prev 68.05 67.20 67.43 68.11 66.75 69.90 70.25 Close 585.2 576.2 567.0 568.4 578.0 588.0 569.0 599.4 Close 123.2 125.5 128.4 130.7 136.0 138.0 141.8 146.0 160.1 July Close High 20,000 July 20,422 28,53 25,70 28,50 27,55 Dec 28,34 26,19 Jun 25,83 26,10 July 24,70 24,78 August 24,65 24,70 August 24,65 24,70 Wheat 5,000 bu min, cents/60ls-busher 15,000 busher 15,000 bus 645.0 633.0 0rev 623.0 625.9 628.0 633.1 644.6 648.6 666.7 666.2 674.9 684.3 Prev 2.96 3.06 3.16 2.48 8.81 4.09 4.31 4.39 4.61

HIDES Birminghem (Manchaster). Second clasers, Ox: 31-35.5 kg, 92.7p a kg (91.5p): 26-30.5 kg, 105.4p a kg (104.5p): 22-25.8 kg, 117.5p a kg (114.8p withdrawn). Cowe: under 25.9 kg, 114.7g a kg (112.8p withdrawn).

COCOA (FFr asr 100 ke): Jiely 2085 sek, Sept 2040/2042, Occ 1985/2000. Mar 2005/2025, May 2020 bld, July 2025 bld, Sept 2030 bld.

ECHANGE CROSS CHICAGO . LIVE CATFLE 40,000 lbs, cents/lb. 61.69 61.88 June 62.85 August 63.05 Oct 63.25 Dec 69.95 Feb 68.10 June LIVE HOG8 30,000 ≂tern. π 'ci .e .

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Secretary of the second LONDON TERBANK FIXI

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UNITO

ISITION

TED AS A

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

* West.

Chut three

fudancją.

interpretain.

Dollar's fall boosts pound

the Japanese yen.

Pressure may now increase on UK clearing banks to reduce their base rates but for the time being it was the relatively high level of UK rates which provided the backbone of support. Sterling rose to \$1.29990.1,3000, s rise of 2 cents from Monday and against the D-mark finished at DM 3,9350 compared with DM 3,9150, it was also higher against the Swiss compared with DM 3.9150. It was also higher against the Swiss franc at SwFr 3.3000 from SwFr 3.2925 and FFr 12.0250 from FFr 11.9575. Against the yen it closed at Y322 from Y318. The dollar fell quite sharply in reaction to e cut in prime rates to 9½ per cent and a reduction in broker loan rates in 8 per cent. to so per cent and a reduction in broker loan rates to 8 per cent. Confidence was further under-mined by an announcement that the U.S. Treasury had fined four

Sterling rose in currency markets yesterday to equal its best level since March 1984. Its for currency law violations and that a further 140 banks were down in the pace of U.S. where the dollar with strong gains recarded against major European currencies and the Japamese yen.

Pressure may now increase on UK clearing banks to reduce their base rates but for the time being it was the relatively high level of UK rates which provided the backbone of support. Sterling rose to \$1.29990.1.3000. s resp of

EMS EUROPEAN CURRENCY UNIT RATES

+0.16 --1.20 +2.06 Changes are for Ecu, thereforest contents.

£ IN NEW YORK ±1.5479 ±1.2479 ±1.2475 ±1.2009 ±1.5171 ±1.8673 ±4.0410

POUND SPOT-FORWARD AGAINST POUND

5.22 1.55-1.30pm 3.67 1.30-1.140pm 5.90 97-30m 1.57 37-30pm 1.57 37-30pm 1.57 37-30pm 1.57 37-30pm 1.57 37-30pm 1.58 490-1465dis -0.56 5-10dis -0.56 5-10dis -0.57 37-30pm -1.14 171-72dis 6.52 1.46-4.40pm 6.21 397-37-30m 7.73 57-57-30m 1.2890-1.2000 0.58-0.55c pm 1.7730-1.7768 0.39-0.40c pm 4.444-4.45-4 22-2c pm 78.40-79.50 30-2cc pm 14.19-74.151-2 27-73-0rs pm 1.2565-1.2575 0.15-0.05p pm Belgian rate is for convertible francs. Financial (ranc 80.00-80.10. Six-month forward dollar 2.77-2.72c pm. 12-month 4.45-4.30c pm.

OTHER CURRENCIES

June 19 Note Rates 37,40.27,70 79,00.79,80 14,00.14,14 11,90.12,03 2,98.3,95 2,480.2510 518.522 4,40.4,44 11,24.11,35 218.226 220.226 11,30.11,41 3,974,43,054 Argentina Peso... Australia Dollar, Brazil Cruzoiro... Finland Markka, Greek Drachma. HongKong Dollar

" Selling sate.

3.1824. Exchange rate index 122.3 against 120.8 six months

against the D-mark in Frankfurt after a fixing level of DM 3.0445. A softer Fed funds rate prompted selling but resistance increased around the DM 3.04 level and it was not until after the close of burlet in Frankfurt the close of banks in Frankfurt that the dollar fell conclusively below this level. Much now depends on tomorrow's U.S. GNP flash estimate.

STERLING INDEX 9.00 am 10.00 am 80.9 80.9 80.9 80.1 80.2 80.3 80.5 1.60 pm 2.60 pm 3.90 pm 4.00 pm

June 18 : Prev. close

DOLLAR SPOT-FORWARD AGAINST DOLLAR Ciose
1,3990-1,3000
1,0928-1,0933
1,3578-1,3680
1,3578-1,3680
1,3578-1,3680
1,0818-1,0898
3,0278-1,0398
3,0278-1,0398
1,396-1,937
1,496-1,73,90
1,396-1,937
3,7418-2,75
9,24-9,244
2,78-8,79
247,48-347,55 5.22 1.55-1.50pm 4.26 1.10-1.00pm -2.23 0.64-0.69dis UKt 1.2810-1.3005 1.0281-1.0344 1.3670-1.3700 3.4150-2.4380 01.10-61.51 10.867-10.95 3.0270-3.0530 173-175-174-31 1.285-174-31 2.24-3.30 2.74-3.794, 2.44-3.30 2.74-8.262, 2.74-8.262, -228 0.44-0.89dis 0.61 0.71-0.57pm -1.17 16-18-dis -2.27 5-5-dis 1.99 1.5-1.48pm -2.414 600-1350d -7.68 330-370dis -6.41 30-31dis -6.13 109-11dis -5.13 192-20is -6.53 192-20is -6.29 0.74pm 0.91 5-2-pm 2.25 1.40-1.35pm 0.91 5-2-pm 0.91 5-2-pm 0.91 5-2-pm 0.91 6-2-pm 0.91 6-2-pm 0.91 6-2-pm

CURRENCY MOVEMENTS CURRENCY RATES

144.2 87.6 112.4 89.4 77.7 122.3 140.3 112.7 65.1 48.4 156.0 1000.1002 = 200. Rank of England Index

(base average 1975=700).

*CS/SDR rete for June 17: 1,36644.

EXCHANGE CROSS RATES

wise Franc | Dutch Gu lgian Fra Pound Sterling U.S. Dollar 3.028 3,300 2,539 4.44B 3.417 2518, 1937, 1,775 79,45 0.770 539.9 7820, Doubschemark 0.854 5.106 4,036 81.88 1000, 12,22 anese Yen 1,000 3,899 1,348 208,4 763,0 French Franc 10 Sween Franc 1.081 1702 17,86 31,66 Dutch Guilder Italian Liira 1000 72,40 9,704 4,776 0.292 1,766 2.218 181,5 6,777 Canadian Dollar Belgian Franc 100 0,732 1,636

EURO-CURRENCY INTEREST RATES (Market closing rates)

Belgian Franci Conv. Fin. Danish italian Lira Franch Franc D-mark June 18 Sterling 10-10¹ 97₈ 10⁴ 97₈-10⁵ 95₈-10¹ e3₆ 97₈ 97₈ 97₈

Asien 5 (closing rates to Singapore): Shurt-term 75-72 per cent; seven days 75-72 per cent; one month 75-73 per cent; three months 75-73 per cent; one years 87-83 per cent; three years 87-84 per cent; three years 97-84 per cent; three years 97-94 per cen

MONEY MARKETS

London rates slightly easier

LONDON MONEY RATES

Interest rates eased slightly on the London money market yesterday as sterling approached the \$1.30 level against a weakening dollar on the foreign exchanges. Sentiment was also sneouraged by expectations the U.S. Federal Reservs will cut its discount rate by another its discount rate by another its discount rate by another in the market in the morning the end of the week. The U.S. central bank drained reserves from the New York banking system by overnight matched sales, but only when the Federal funds rate had fallen to 64 per cent. Earlier in the day Morgan Guaranty became the first major U.S. bank to reduce its prime rate to 93 per cent from 10 per cent.

Although lower U.S. bank to reduce its prime rate to 93 per cent from 10 per cent.

Although lower U.S. bank to reduce its prime rate to 93 per cent from 10 per cent.

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Although lower U.S. bank to reduce its prime rate to 93 per cent from 10 per cent.

Although lower U.S. interest rates have renewed hopes of a redoction in London rates a note

UK clearing banks base lending rate 12; per cent since June 12

of caution continues to overhang the market ahead of the meeting of Opec ministers on July 5 and the next UK maney supply figures on July 2. Three-month aterling inter-bank declined to 12 1-12 per cent from 121-121 per cent, and discount houses buying rates for

FT LONDON INTERBANK FIXING

(11,00 s.m. June 19 Three months U.S. dollars bid 7 1/2 offer 711116 bid 7 1/18 The fining rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at \$11 s.m. each working day. The benks are National Westminster Beok. Bank of Tokyo, Coutache Bank, Bangue Nationale da Parin and Morgan Guaranty Trust.

Overnight
2 days notice
7 days or
7 days notice
One mostin
Two montin
Three montin
Sine montins
One year 1149-13 1112-1212 12 184-184 14-13 124-325 124 125-1212 1214 1214 1214 1214 1214 124-124 124 124 13 18

64 64

Discount Houses Deposit and Bill Rates

Finance | Cert | SDR House of Linked Deposits Deposits Local Authority Deposits 7.8-7.4 7.3-7.4 7.3-7.4 7.4-7.5 7.75 7.85 7.85-7.95 712.754 712.752 714.755 714.713 One month. Two months 712-813 ECGD Fixed Rate Export Finance IV: Average Rate of Impriest period May 8 to June 4 (lockushve): 12.677 per cent, Local authority and finance houses saven days' notice, others seven days' fixed, Finance Houses Base houses saven days' notice to the Finance Houses Association): 13 per cent from June 1985. Landon and Scottish Clearing Sank Rates for lending 12% per cent. 1985. Landon and Scottish Clearing Sank Rates for lending 12% per cent. (mat). Treasury Billes Average tentior rate of discount 11.824 per cent. Cartificates of Tax Deposits Gerian 61: Deposits 2100,000 and ever hald under one mouth 12% per cent: one-three mouths 12% per cent; three-six months 12% per cent; chief fig.000 six-line souths 12% per cent; three-six months 12% per cent; finance 19. Deposits and under Beries 5 12 per cent. The rate for all deposits withdrawn tor cach 8 per cent.

1219-1246 1219-1258 1214-1219 1218-1216 1219-1216

FINANCIAL FUTURES

Upward trend

Interest rate contracts were very strong on the London International Financial Futures Exchange yesterday as hopes Exchange yesterday as hopes continued to grow of a cut in the U.S. Federal Reserve's discount rate later this week. This is expected to follow Thursday's flash estimate of U.S. second quarter gross national product, providing the figure confirms that growth in the period in question has not recovered strongly after a disappointing first quarter. An overnight rate of 7 per cent for Federal funds in New York added to the bullish mood of the market, and this mood of the market, and this was further encouraged wheo the rate fell to 6f per cent

LONDON pints of 100% Close High Low Prev 92.38 92.38 92.38 92.28 92.30 91.90 91.90 91.81 91.82 91.40 91.30 91.14 91.10 94.04 91.02 90.8 0.56-0.54 pml0.53-0.50 pm 1.54-1.50 pml1.50-1.45 pm 4.48-4.55 pml4.85-4.10 pm

THREE-MONTH STERLING £500,000 points of 100% 2 32nds of 100%

Close High Low Prev
Junn 106-25 706-28 106-20 106-12
Sept 110-27 110-28 110-18 110-15
Dec 111-07 111-11 111-11 110-25
March 111-13
Est volume 1.975 (518)
Previous day'n open int 3.316 (3.099)
Basis quote (clean cash price of 134%
Tressury 2003 less squivalent price of near stutures contract) —27 to —17
(32nds).

STERLING £25,000 \$ per £ 0.776792 0.571937

FT-SE 100 INDEX E25 per full ladex

Close High Low Prev 128.25 729.25 128.20 128.70 128.65 129.45 128.50 129.05 rokums 270 (312) oug day's open int 1,980 (1,944)

77-00 76-14 76-21

Morgan Guaranty was quickly followed by other major banks in cutting its prime rate by ½ per cent to 9½ per cent, while the slowdown in economic growth received further confirmation by a fall of 137 per cent in May e fall of 13.7 per cent in May U.S. housing starts.

September Eurodollars closed at the day's high of 92.38 com-pared with 92.30 previously, after opening at 92.28. U.S. Treasury bonds for September delivery rose to 78-20 from 78-14, after opening at 78-18 and touching a peak of 78-35. Sterling denominated contracts were encouraged by the trend in U.S. instruments and by the strength

77-14 rokume 845 (3,257) xus day's open lat 2,759 (2,496) **CHICAGO**

U.S. TREASURY SHLLS (IMM) \$1m points of 100% CERT DEPOSIT (IMM) \$1m points of Prev 1.2635 1.2507 1,2420 THREE-MONTH EURODOLLAR (IMM)

DELITSCHE MARKS DM 125,000 S per 0.3307 0.3290 0.3278 - 0.3296 0.3307 0.3307 0.3290 0.3 0.3325 — 0.3 olume 106 (23) us day's open int 302 (279)

JAPANESE YEN Y12.5m \$ per Y100

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For further information, contact Arthur Lake in London on 01-353 6723.

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NOTICE IS HEREBY GIVEN, in purauants to section 300 of the Companies Act 1948, that General Meetings of the Members and Creditors of the abovenamed Company will be held at the efficas of Single & Company, Chartered Accountents, New Sread Street House, 35 New 9road Street London EC2M 1NH, on 24th June 1985 of 11:00 arm, and 11:15 a.m. in the ference respectively, to receive an account phowing how the winding-up of the Cempany has been conducted and its preperty disposed of and to hear any explanation that may be lumished by the Liquidoler and to pose o Resolution as to the disposal of the Compony.

3rd June 1985, NOTICE IS HEREBY GIVEN, in pu

S. K. SINGLA, F.C.A., Liggidator.

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*119 85 Systems Designers 85 MAR 4.7 U.S 333.1 1.9 330 245 Systems Rhiby, 10p. 339 64.2 0 1.9 0	97 40 #Shree Food 200 #7 # #2.7 4 3.6 4	130 116 Journal (T.) 100 200 7.0 3.2 4.0 8.6
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798 208 VG instruments 10p. 274 1.8 6.3 0.9 24.1 4.0 62 32 Micros NV FID2 99 11 1.8 6.3 0.9 24.1 1.1 173 173 Water Green 1.8 -2 15.0 27 4.3 19.9	117 202 #Sreaksone 102 24 34 55 11 5	205 175 London & Midra 130 - 175 13 33 3330 130 130 83 Do. Dés. 130 130 130 130 130 130 130 130 130 130
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Financial Times Wednesday June 19 1985 INDUSTRIALS—Continued | Motors and Cycles | 186,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196,000 | 196, SHIPPING

275 | 224 | 8m 6 Comm. 10p | 245 | +2

122 | 95 | Fisher (II) | 10 | -12

124 | 610 Stotem-Lavron 51 | 510 1 | -12

125 | 630 | 530 | 62m 5 Res 61 | 610 | 610

105 | 84 | Harring 6 Brann | 265e | 610 | 610

105 | 84 | 121 Locate Fres | 146 | -12

124 | 92 Lyte Steleving | 186 | -12

125 | 95 | 36 | Merry 50 Units | 3642 | -12

126 | 97 | 127 | 128 | 127 | 128 | 129

127 | 128 | 127 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | SHOES AND LEATHER

295 | 197 | FILGram
230 | 165.73 | 34 | 16 | 110
25 | 127 | 57 | 68-78 | 32 | 155.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.23 | 16.2 SHOES AND LEATHER NEWSPAPERS, PUBLISHERS 13. 61-9Pet-cart Rev N.
7 rePortron Munning
1 11 refluere Marianet GoM
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1 TEXTILES OVERSEAS TRADERS | 25 | 113 | Capper Clames | 115 | 55 | 57 | 117 | 23 | 121 | 126 | 131 | 126 | 131 | 126 | 131 | 126 | 131 | 126 | 131 | 126 | 131 | 126 | 131 | 136 | 131 | 136 | 131 | 136 | 131 | 136 | 131 | 136 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 39 36 39 36 36 36 37 42 365 37 42 210 250 420 42 262 -13 578 +5 5127 +1½ 511 -½ **PLANTATIONS** Price + er Div Y'ld Uniters underwase indicated, prices and set dividents are in penter and denotivations are 250. Estimated price-earnings ratios and covers are based on latent annual reports and accounts and, where possible, are pertained in history processes of the control of t 7.0 1.0 4.9 9.1.17 1.0 1.1 90.00 \$\phi\$ 8.3 90.72.5 \$\phi\$ 8.9 90.00 \$\phi\$ 8.3 10.00 \$\phi\$ 1.3 11.2 2.25 \$\phi\$ 4.2 MINES | REF | Reserved | Res Eastern Rand

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FIXED INTEREST STOCKS

RIGHTS OFFERS

18/7 16/8 317

11/7 26/5

12/7

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (49)

High Low

EQUITIES

Cash shortages again limit turnover but gilts respond to rise in sterling

Account Dealing Dates Option

*First Declara- Last Account Dealings tions Dealings Day June 3 June 13 June 14 June 24 June 17 June 27 June 28 July 8
July 1 July 11 July 12 July 22 "New-time" dealings may take place from 9.30 am two business days earlier.

Casb shortages continued to restrict business in London markets yesterday and, although the undertone remained firm, only Gik-edged securities recorded any appreciable change. Several pointers emerged to encourage potential investors in the latter area including a strong exchange rate, which mainly reflected renewed dollar weak

tomorrow afternoon.

With some operators taking time off for the start of Royal Ascot, demand for Gilt-edged stocks was insufficient to test the authorities' tap levels. Late in the session, bowever, partly-paid Treasury 10 per cent 2004 edged up to 30L, the price the Govern-ment broker is assumed to be a seller, if bid. Longer-doted Gilts family achieved grips extending finally achieved gains extending to i but the shorts improved only marginally on the day. In con-trast, index-linked issues remained out of favour and gave

Monday and the session was 2 to 0 1985 high of 78p.
relieved only by 3 flurry of bid
speculation in Allied Lyons and
Dictillars The Allied Lyons and
The former was a served and settled 3 cheoper at 743p. Distillers. The former were again heavily traded and rose to 221p before closing a not 8 up to 221p herore closing a net 6 up at 214p; Hanson Trust and Anheuser-Busch were mentioned as pos-sible bidders but dealers regarded both as unlikely contenders.

Long considered a prime take-over targot, Distillers spurted 13 to 299p, after 303p, on thoughts that, in the light of the Arthur Bell situation, the shares were worth a re-rating, Grand Metropolitan meanwhile benefited from talk that Liggett and Myers was about to raise prices for generic cigarentes in the U.S. The combined strength of these three stocks supported the FT Ordinary Share Index throughout the official trade but in the after-bours' business the Index moved lower to close 25 down on balance at 985.8.

Midland Bank rise

Mid Bell situation, the shares were worth a re-rating Grand Metro-politan meanwhile benefited from

EQUITY GROUPS

news of a senior official's dis-

mlssal. Stockbrokers Wood Mackenzie's optimistic review of Com-posite Insurances attracted buyers to the sector and gains ranging to 7 were soon recorded. Later, prices drifted back on lack of follow-through support and sporadic profit-taking to close easier for choice. Sun close easier for choice. Sun
Alliance, for example, retreated
from an initial 465p to finish 5
down at 455p, while Royals ended
3 off at 680p, after 690p.
Arthur Bell attracted yet another active two-way business,
closing 3 cheaper of 270p—still
40 chove the hottile share ex-

reflected renewed dollar weakness, and widespread speculation of lower U.S. interest rales.

A major U.S. bank followed Southwest St. Louis by cutting the rate charged to prime borrowers by † per centage point to 9† per cent. Hopes were also high that the Federal Reserve would soon reduce its discount rate in order to stimulate 3 flagging economy; the "flash" forecast of GNP will be released tomorrow afternoon.

3 off st 680p, after 690p.

Arthur Bell attracted yet another zerive two-way busioess, closing 3 cheaper ot 270p—still 40 above the bostile share-exchange bid from Guinness. Fellow distillers Invergordon rose 4 more to 135p. Breweries gained ground, partly reflecting the current interest in Allied-Lyons. Whithread A rose 4 to come to 135p. Breweries gained ground, partly reflecting the current interest in Allied-Lyons. Whithread A rose 4 to other zerive two-way busioess, closing 3 cheaper ot 270p—still 40 above the bostile share-exchange bid from Guinness. Fellow distillers Invergordon rose 4 more to 135p. Breweries gained ground, partly reflecting the current interest in Allied-Lyons. Whithread A rose 4 to above the bostile share-exchange bid from Guinness. Fellow distillers Invergordon rose 4 more to 135p. Breweries gained ground, partly reflecting the current interest in Allied-Lyons. Whithread A rose 4 to above the bostile share-exchange bid from Guinness. Fellow distillers Invergordon rose 4 more to 135p. Breweries gained ground, partly reflecting the current interest in Allied-Lyons. Whithread A rose 4 to above the bostile share-exchange bid from Guinness. Fellow distillers Invergordon rose 4 more to 135p. Breweries gained ground, partly reflecting the current interest in Allied-Lyons. Whithread A rose 4 to 25p. after 227p. while Bass to above the bostile share-exchange bid from Guinness. gained ground, partly reflecting the current interest in Allied-Lyons. Whithread A rose 4 to 225p, after 227p, while Bass touched 549p before closing only 2 firmer at 545p. A2 ong Regionals, Mansfield eased 2 couple of pence to 367p following the annual profits downturn.

Price movements in the leading buildings were restricted to price movements in the leading buildings were restricted to o few pence in either direction. Redland slipped back 5 to 273p, as did Taylor Woodrow, 395p; the latter's "naw" shares essed, 3 to 25p premium. Meyer International touched 145p immediately following the preliminary results and increased dividend, but subsequently essed back to trast, index-linked issues remained out of favour and gave a little more ground.

Most leading equities were content to consolidate around the overnight prices as investors held off in front of tomorrow's debut of Abbey Life. The generally subdued trading conditions were in part attributed to Wall Street's negative performance on Monday and the session was

Stores up again

Speculative stocks again showed to good advantage among otherwise idle secondary stores. Body Shop International advanced 30 for a two-day gain of 50 at 725p, while Our Price improved a similar amount to 570p. Takeover runnants crimulated.

FINANCIAL TIMES STOCK INDICES

81.86 81.73 81.66 21.45 81.66 21.58 79.50 285.8 988.8 279.1 277.0 984.0 998.4 839.2 Ordinary 436.8 431.6 436.8 429.6 426.6 424.A 656.0

10 am 991.1. 11 am 969.2, Noon 990.8. 1 pm 989.5. 2 pm 969.8. 3 pm 969.3. Seeia 100 Covt. Secs. 15/10/25. Fixed Int. 1925. Ordinary 1/7/35. Gold Mines 12/10/55, 2E Activity 1974. Latest Index 01-248 8026. *Nil-12.06.

HIGHS AND LOWS

S.E. ACTIVITY INDICES

	19	93	Since Co	mpliat's	·	June 17	June 14
	High	Low	High	Law	Daily Git Edged		
Secs	82,00 (16/4)	78.02	127.4	49.18	Bargains	125.2	138,4
Int.	86.38 (4/8)	89,17 (21/I)	150.4		Value Value dayAverage	138.2 503.3	148,1
цу	1024.8	228.7 (5/1)	1024_5 (22/1/86)	(28/8/40)	Bargains	181,0	137.9
Zines	536.0 ' (16/4)	421.9 (12/5)	754.7 (15/2/\$8)	45.0	Sergains Value		125.7 814.7

Extel jump

Extel were outstanding among secondary miscellaneous indus-

gestions of a bld from Mstal Box. Birmingham Mint rose 10 to 235p following details of the fi2m Indian coin contract which, in turn, brought a sympathetic gain of 5 in Acsis Jewellery to 27p. Babcock moved up 5 to 150p in reply to Press comment and John Brown bardened a couple of peace to 31p. APV, at 280p. Footwear and leather counters footwear and leather counters featured renewed demand for Strong and Fisher which touched 142p before settling 10 higher on balance at 140p.

Apart from British Telecom, which improved 3 to 186p in anticipation of today's preliminary results. leading Flectricals

results, leading Electricals turned down again. The absence of fresh support after Mondoy's encouraging start to the new Account saw Plessey drift 2 easier to 1300 god GEC 4 chesper to 170p. Thern EMI lost 8 at 425p, while Philips Lamps, still 425p, while Philips Lamps, still reflecting the profits warning, dropped 4 more to £11]. Secondary stocks were featured by recewed weakness in BSR, which dropped 8 to a 1985 low of 60p. Microvitec, on the other hand, jumped 11 to 65p on news of the £4m ICL contract. Oxford Instruments moved up 5 to 292p following comment on the results and Atlantic Computer railled 10 to 335p.

and Atlantic Computer railled 10 to 335p.

Takeover favourite TI continued to figure prominently in Engineerings, rising to 250p before closing a net 4 better at 276p. Awaiting further bid developments, United Wire advanced 11 to 1930, while Birmid Qualcast improved a penny to 90½p, after 92½p, amid vagus sug-

to a 1985 low of 203p oo the pro-posed 17.4m rights issue, while J. H. Fenner reflected disap-pointing first-half profits with 6 fall on 10 to 125p. Profit-taking after the recent good rise on Palmouth development hopes left A. and P. Appledore 10 down at 360p. Ecobris were quoted ex the rights issue at 20p. down 7, with the Deferred shares

net loss of 2.

The favourable reception afforded the proposed marger stimulated another lively business in Nottingham Manufacturing, which attained a new peak of 272p before closing 12 up on balance at 265p, and Vantona Viyella, 21 higher at 365p, after 370p.

Dealers reported o much bealthier trend in the recently unsettled oil sector. The leaders, unsettled oil sector. The leaders, having shrugged off Monday's news of an oil price cut by Mexico and the oil price varoing issued by the Sandi Arabian oil minister, edged bigher throughout the session belped by U.S. support and "cheap" buying.

BP and Shell closed with marginal major at 5280 and BP and Shell closed with marginal gains at 528p and 685p respectively, but LASMO rose S to 252p and Britoll odded a few pence at 217p, after 219p. Tricentrol returned to favaur, amid revived speculation of a full bid from Enterprise Oil, and tonched 223p prior to closing a net 10 to the good at 217p.

Secondary issues showed

Secondary issues showed British Berneo s like amount better at 325p and New London Oil 12 up at 145p. Falcon Resources, on the other hand, dipped 5 to 60p and Caledonian Officers lost 10 to 635p.

Offshore lost 10 to 635p. Rumours that Australia's Bell Group is about to launch a full bid for Bridge Oil saw the latter

Golds gain ground.

Hopes of an imminent cut in the U.S. Federal Discount Rate brillian price which the tho day to hold to the thought the prompted a strong performance from the bullism price which improved throughout the day to close \$5.5 highe at \$324.75 an ounce—its best closing level since mid-March.

in reply to Press comment and John Brown bardened a couplo of peoce to 31p. APV, at 280p, and Edbro, at 161p, moved up 8 and 6 respectively, but Tex Avrasives succumbed to further profit-taking and dropped 5 to 88p. Leading issues drifted easier and Hawker classed 4 off at 448p and Vickers 5 down at 287p.

Revived hopes of a reduction in martgage rates and consequent increase in disposable income gave 2 fillip to Foods, Tesco advanced 5 to 250p, while Argyll, 312p, and William Mevrison, 124p, both hardened a few pence. Unigate closed S up at 176p following 2 "buy" recommendation from brokers de Zoete and Bevan in the wake of the excellent preliminary figures, Avana, on the other band, shed 10 more to 615p reflecting continued disappointment with the full-year results. Northern Foods, 240p, and Fitch Lovell, 202p, added 4 spiece in front of annual results due boday and tomorrow respectively. South African Golds got off to south African Golds got off to an indifferent start but gradually regained confidence in the wake of bullion's firm showing. Overseas buyers took advantage of the downturn in the dollar and demand gethered momentum after-hours when deliar prices.

First Last Deal. were showing substantial gains. outtons were n but gains here were restricted by the shap rise in the UK

the salp rise in the UK currency.

The Gald Mines index ended the day with a 5.2 improvement at 436.8. Among the beavy-weights Southward festuered with a £1; gain at £33; while rises of around † were common to Randfontein, £76; Vaal Reefs, £70; and \$5 Helenz, £13;.

Environ of Golde milled over secondary miscelleneous industrials, rising 22 to 355p in response to Monday'o lote announcement that Dr Ashraf Marwan of Monte Carlg bas acquired a 5 per cent stake in the company and intends to increase it. The appointment of Mr Peter Le Mesurier as financial controller prompted a rise of 7 to 90p in Johnson Matthey, while Ricado advanced 10 to 100p on a broker's uperaded profits

Boying of Golds spilled over into the Financials sector where De Beers remained a Jahannesburg favourite and put on 11 more to 413p—a two-day improvement of 16. "Amgold" settled i bigber at £68; and Goldfields of South Africa rose is to £12;

while Ricado advanced 10 to 100p on a broker's upgraded profits forecast. Impressive trading statements belped Associated Energy Services rise 5 to 57p and Platoo International put on 8 to 153p, while Duport gainsd 4 to 44p to the accompaniment of vague takeover rumours. Revived speculative support Ric Tints-Zinc attracted perlifted Christics International 11 to 263p and Cope Aliman 7 to 178p. Sanlight, bowever, fell 7

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EUROPEAN OPTIONS EXCHANGE

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TOTAL VOLUME IN CONTRACTS: 10,322

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Oct.

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down 7, with the Deferred shares
5 easier at 17p. Interest in the
leaders was at a low abb and
Hanson Trust finally eased 5 at
193p as did BTR to 357p.

BL rose 6 to 39p following the
Government sanction of a second
joint venture with Honda. Elsewhere in Motors, Lucas
Industries touched o new high of
340p, but later oased to 335p, a
net loss of 2.

Oils better

RISES AND FALLS YESTERDAY

ACTIVE STOCKS

MONDAY'S

June 10 June 21 Sept 12 Sept 23 June 24 July 5 Sept 26 Oct 7 July 8 July 19 Oct 10 Oct 21 For rate indications see end of Share Information Service Share Information Service
Money was given for the call
of French Kier, Piessey, Sun Oil
Reyalties, Bula, Sangers, Combined Technologies, A. Geldberg,
Headlam Sims and Coggins,
Vosper, John Brown, Greycoat
City Offices, Lamont, Intervision
and Thorn EML A put was taken
out in Terrey but no doubles

out in Terrex, but no doubles were reported

results on June 26, added a few pence at 177p.
Platinums were generally firmer with Impala 10 better at (925 | F.P. 28/6 | 106 | 172 | F.P. 28/6 | 190 | 150 | F.P. 24/7 | 134 | 378 | 200 | 10/9 | 263 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 Australians remained in the

Australians remained in the doldrums. Yet anothar indecisive performance by overnight Sydney and Melbourne markets saw the sector open a sbada easier in London. Thereafter business was reduced to 2 trickle until the mid-afternoon when the upturn in bullion prompted light support throughout the list. Gold Mines of Kalgoerite picked up to close 10 harder at 435p and North Kalgurii rose 2 to 40p but Central Norseman and Poseiden ended the day a fraction sasier on balance at 275p and 175p respectively.

In the mare speculative issues

respectively.

In the mere speculative issues Windsor Beseurces continued to attract support and put on 3 more to a year's bigh of 33p.

Traded Option volume remained disappointingly low.

Total contracts struck yesterday amounted to only 4,948 comprising 2,962 calls and 1,987 puts. The FT-SE 100 index contract contributed 282 calls and 231 puts. Elsewhere, British Telecom headed the list, stracting 375 calls and 509 puts, 410 of the lotter transacted in the November 170's.

Stock
Aliced-yone
Sirmid Quelcast
Sody Shop Inst.
Olactilers
Dunhill
Everad
Crand Metropolitan
New Lendon 0il
Notts Manufactaring...
Strong and Fisher...
Wantons Viyella
Wantorsad A

improvo 2 to 122p; Bell Be. MONDAY'S sources coded the day 5 cheaper ACTIVE STOCKS

Deal- Deal- Declara- Settle-

Renunciation date usually jest day for dealing free of stamp duty. b Figures based on prospectus estrimates. g Assured dividend and yield. u Forecast divided cover based on previous year's earnings. p Pance onless otherwise indicated. I leaved by tender. Offered holders of ordinary shares as a "rights." • leaved by way of capitalisation. SF Reintroduced. I'll issued in connection with reorganisation merger or takeover. Exclude interest of fully paid. If introduction. — Unitsted Securities Market. S Placing price. The Dealt in under Rule 535 (3). NEW LOWS (79) AMERICANS (14) CANADIANS (3) Massey F BANKS (T)

INCITION FUNDS (D)
Treat. Spc. 186-89 Treat. 100c 2004
Fadg. Sept. 1973 Treat. 100c 2004
Fadg. Sept. 1973 Treat. 74pc 2012-15
Conv. Spc. 4 Offices Gover. STLG. 185. (2)
N.Z. 11pc 2014 Sweden 15-pc Ln. '10
LCC Sept. 1985-97' - 1 '7'
Allied Lyons Bell (a.) 0-pc Cm.
Link (Matthew) 1993-2001
Blockleys. Golliford
Countyside Props. Boston (J.) A Vantons v De Brett (Andre) ELECTRICALS (1)

Cullen's Stores HOTELS (1) MOTORS (1) Lucas lods. NEWSPAPERS (1) Octobres Publishing PAPER (3) Crown Intl. ProBarr (A. G.)

Barr (A. G.)

Assoc. Brit. Eng. Neil & Sp.
Dover Corp.

Ecobric Schlumber Fisher (J.) Core. Plantations (1)

LONDON TRADED OPTIONS

			[—]	-	1	1			-	-1				· 1 —
Optio	n	Jly.	Oct.	Jan	Jly.	Oct.	Jan.	Optio		Aug.	Nov.	Feb.	Aug.	Nov.	Feb.
8.P. (*526)	460 500 550 600	75 88 11 11 ₂	88 53 85 13	67 38 20	5 50 77	10 15 33 82	42 67	LASMO (*255)	260 280 295 300	32 20 16 8	45 88 16 15	50 37 27 17	35 45	12 20 35 46	15 25 35 50
Cons. Gold (*542)	460 500 550 600	85 47 12 5	100 54 38 15	75 47 25	87 87	15 40 72	22 50 80	Lonrho (*168)	140 150 180 200	34 18 4 11	20	24 15	11s 4 14 55	16 16	1814
Courtaulde (*144)	130 140 150	16 8 14	99 14 51 ₂	23 12 10	6 4 16	4 30	2 2 21	P. & O. (*366)	350 350 350 350	75 46 22 10	36 53 16	62 45 05	2 3 10 28	6 16 30	88 83 33
Com. Union (*223)	180 200 220 240	46 25 14 54	50 35 03 13	43 31 10	11 ₂ 8 21	7 15 24	11 17 27	Racal (*182)	180 200 220	18	26 14 7	34 20	67	11 24 40	1 13
0.E.C. (*172)	150 180 200 220	20 2 3 0	28 16 8 4	36 22 12	12 30 50	14 50 50	15 31	R.T.Z. (*577)	550 600 860	52 05	50	57	40 50 28 36	10 43 26	23 62
Grand Met. (*290)	280 300 330	25 10 8	30 20 7	37 27 12	18 42	22 46	11 27 47	Vaal Reefs (*\$91)	80 90 100 110	15 81 ₂ 41 ₄	54	15 15 2	77	1 44	1 -
(°759)	700 750 800 860	05 00 0	70 49 25 11	87 57 50	22 57 117	17 40 77 122	50 84	Ex 10% 1986 (*£96)	20 22 24 26	134 644 814	4.8	=	1114 121 010		ίΞ
Land Sec. (*277)	280 300 330	11 4 1	20 10 3	27 15 8	25 65	10 25 55	14 97 50		98	02	1	2.2	01 ₀	1	114
Marics & Sp. (*134)	120 130 140	12 7 8	28 15 2	18 11	2 3 12	7 14	17	97R (*858)	825	June 37	Sept.	Dec.	June	Sept.	Dec.
Shell Trans. (*585)	500 550	92 46	51 ₂	76 42	5 7	18	20	Beecham	350 375 320	15	25 17	42 55 25	12 -	15 30 48	25 35 46
	700 750 800	14 4 14	30 12 4	27	25 69 112	35 75 123	#0 77	(*888°)	360 360	49	30 13 5	37 20 12	20 50	27 68	11 52 53
Traf'gar Hee (*356)	353	15	65	47	2 2	14	10	(°547) De Beers	850 600	8	72 27 12	84 44 22	10 67	97 50	35 55
	363 363 390	4	2	26	50	35	03 30	(*\$6,36) GKN	500 350	36 50	105 65 32	120 26 36	65 65	20 37 65	26 47 63
Option		Aug.	Nov.	Feb.	Aug.	Nov.	Féb.	(*231)	200 220 240	52 32 15	52 41 24 11	39	2 2 3	9 20 60	10
BAT Inds. (*526)	350 360 390	35 20 6	45 26 11 4	48 30 -	8 18 45 75	11 50 50 78	16 38 —	Nanson (*103)	182 163 213 230	15 3 2 034	24 16 7 4	25 16	1 ¹ a 7 24 44	16 13 28 46	16 31 47
Barclays (*874)	353 350 586 390	50 20	60 27	52	2 2 2	5 27	1.8	(*291) Tesos	280 300 330 360	16 3 1 04	22 19 61 ₂ 2	88 27 12	6 12 40 70	17 25 44 78	21 33 45
Brit. Aero (*365)	360 390 420 460	10 4 1	80 15 7	38 62 11	80 50 100	18 85 83	20 40 36	(*251) FT-SE Index	255 256 680	12 24 1	36 13 3	37 25 11	2 10 85	13 36	18 38
Bt. Telecomi (*184)	140 150 150 170	47 87 27 20	38 30	=	1 1 1 2	112	=	(*1284)	1250 1300 1360	86 6	60 36 20	77 48 85	1 12 2 2 7 2	18 20 45 25	34 50 03
	180 200 220	14 51 ₂	93 14 6	29 12 11	6 12 37	31g 71g 20 37	0 21 37	2/8 (*126,20cts)	120	Sept. 10.20	Dec.	Mar.	Sept.	Dec.	Mar,
Imperia) Op., (*185)	160 160 200 290	51 15 8	90 12	24 16	21 ₂ 7	10 21	10 24		130 156	4.50 6.46	2.20 6.00 4.20	9.30 7.30 5.15	2.15 5.85 6.50 10.00	4.40 3.40 2.20 12.30	5,00 8,10 11,10 14,20
	470	212	6	1	33	37 I	<u> </u>	June 12 Tot	Ung	eriying	-,949 (Calle 2	.962.	_	1,987

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	& SUB-S	-	Tues June 18 1985							=	14	13	(approx.)		
•	Tigeres in parenthe stocks pe	sės show	mmber	ii (#	tex Di	ay's ange	Est. Earnin Yield : (Max.	7	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	pri adj. 1965 to date	Intex No.	todes Mg.	· tacles. No.	intex No.
1		S (207)			251 -	14	10.6	9 [4.34	11.70	7.45	525.86	521.23	524.05	487.41
2	Building Materia	ls (23)		517		IJ	12.6		5.85	9.72	7.06	519.14	513.62	519.38	
3	Contracting, Con	struction	(29)	753		1.3	13.3		5.47.	9.70	16.49				
4				142		1.3	11.0		5.10	11.46		1472.17			
5	Electronics (37)			1775		1.5	10.4		3.61	12.37		1439.00			
8					L17 -	-	18.6		4.63	11.47	5.00				
9		COTIME	J (/)			1	128		7.74 5.83	9.90	3.71				
20		Material	(77)		192	1.7	73		3.40	16.26	12.77		150.40	957.51	635.97
21		OUP (17	(8)		1.85 +1		9.7		3.88	12.63	9.93			655.21	500.75
22 25	Brewers and Dist	illers (23	3)	610	57 +7	L7	11.1		4.52	11.20	8.38				
					1.05 +1		12.2		4.70	10.37	10.27		494.19	508.48	374.97
26	Food Retailing (3.05 +		3.6		2.56	23.60	12.87				
27	Health and House	ehold Pro	oducts (9)				6.2		2.77	18.96	10.89			וכבוזעו	
29 32	Letsure (23) Newspapers, Put		124	275	1.92 -0 9.69 -0	1	7.3		4.90	14.42	13.38				
33	Packaging and P	aner (14)	`	- 37	.98		11.2		4.19	17.58	35.22 5.93			1792.50	
34	Stores (41)	—		633	.76 +	1.7	7.8		3.31	17.16	2.76				233.97 445.82
35				341	.33 +1		16.5		4.63	6.91	6.38		329.75		261.90
36	Tobaccos (3)			831	1.96 -C		17.6		5.12	6.34	17.44	841.23	238.93		632.66
41	OTHER GROUP	S (98)		683	1.04 +0		8.9		4.06	24.06	6.70			681.10	436.36
42		. /4\		744	L62 -C	13	13.9		4.99	8.85	15.37	746.74			576.39
44 45	Shipping and Tra	. (4)	2)	176			7.3		4.70	16.25	3.58	178.83			122.50
46					L86 -0		7.3		3.69	16.60	25.43	1123.15 850.83		253.64	852.96
48		orks (2)		852	23 +1		7.8		3.78	16.62	0.70				606.79
49		ROUP (4	83)	637		11	9.7	_	4.05	12.73			633.20		471.75
51				113		1.3	16.50	_	7.36	7.45				1119.25	
59	500 SHARE IND	EX (500)	679	30 +0	IJ.	10.6	6	4.48	12.65	18.29	678.59			
61	FINANCIAL CR	OUP (III	3)	445	.91 -		_	T	5.33		9.56	467.65			
62	Banks (6) Insurance (Life)			465			16.62	5	7.44	8.57	11.71	464.54		462.15	343.90
65	Insurance (Life)	(8)		748			I —		4.24	-	14.71	752.22	753.64	754.87	462.91
66 67	Insurance (Comp	osite) (7)		365				.1	5.34		4.53	366.95	360.84	361.24	275.21
68	Marchant Ranks	(1) (1)	***************************************	226			8.25	١,	3.67	16.22			1121.07	1129.86	728.14
69	Merchant Banks Property (50)			616			6.03	d	4.52 3.75	22.29	2.95 3.04	224.35 615.13		2515	201.35
70	Other Financial(2	24)		271			9.20		6.01	13.24	6.47	269.48	612.84 269.12	620.22 272.58	564.69 237.41
77	Investment Trust	(106)		581	.00 -0	ī		+	3.54		1.52	581.63	581.83	522.40	471.82
81	i Mining Figures (4)		280			11.40	1	5.65	10.26	5.29	275.89	275.77	274.72	291.64
91		(14)		647	48 +0	3	9.51	L	6.57	13.00	20.25		645.46		527.71
99	ALL-SHARE IN	PEX (737)	621	.21 +0	υ I		Т	4.60	_	10.48	620.53		619.30	494.54
				Ind	ex Da	y's	Day's	7	Day's	June	Juge	Jone	Jone		
_				N		brge.	High		Low	17	14	13	12	June	Year
	FT-SE 100 SHAJ	LE INDE	X	128	4.0 -3	.9	1287.9	Πì	283.4	1284.4	1278.5	1275.5	1272.9	1291.4	1056.0
	FD	(ED	INTE	REST					AVER	AGE CRO MPTION	ss .	T	Tata Jane 18	Mon Jene 17	Year ago (approx.)
	PRICE	Tues	Day's	Mon	ऋतं अर्थे.		adi.		Britis	h Covers	ment		T		
	INDICES	June	change	Jone	teday		985	1	Low	5	WESTS		19.32	10.35	11.02
		18	*	17			date		Coupor	s 35	years		10.52	10.61	10.92
	Zeitich Construent	\vdash				┯		3		25	YES		10.23	10.25	10.34
				117.75	[] .		5	Median	. 5	years		11.34	11.38	11.82
_ 1	5 years					1 :	5.34		Coupon		Years		10.85	10.89	11.29
2	5-15 years	128.96	+0.27	128.95	0.35	1 3	7.34	7	High		years		10.58	10.41	10.69
3	Over 15 years	135.12	+0.28	135.63	0.89	1	6.53	8	Coupce				11.00	1164	11.85
4	kredeemables	246.18		146.17				ğ	-		A6562****		10.56	10.59	11.47 18.70
7						1	5.30	10	irredee		,		18.00	10.07	10.23
_5	All stocks	127.76	+421	127.80	0.38	Ľ	5.56	11	Debs &		5 years.		11.93	12.03	12.41
6	Debestures & Louis	109.23	+0.27	108.93			5.97	ĩź	Lagrage		15 years.		וות	11.74	12.21
_		_			-	+	70	13			25 years.		11.51	11.54	12.00
7	Preference	79.14	-0.11	79.24	I —	1 3	3.30	14	Prefere	Dee		_	12.63	12.62	12.92
_				BRITIS	H GOVE	t Hill				ŒD STO	exs				

†Flat yield. Nighs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is nailable from the Publishers, the Financial Times, Bracken House, Cannon Street, Loudon, ECAP 48Y, price 15p, by post 28;

1.28 15 Inflation rate

3.63 3.43

11035 -030 11047 0.21

OCorrected figures for 17/6/85.

WORLD STOCK MARKETS

كالأماري والمتاريخ المتراجع المتراط							<u> </u>	NLD	<u> </u>	
AUSTRIA	GERMANY		ı SWEDEN			AUSTRALIA (contir	ued)	JAPAN (contir	nued)	
June 18 Price . + or . Schild	June 18 Price	+ or	Juna 18	Price	+ 01		• + or	June 18	Price Yen	+⊶
Creditanatate 200	AEG-Telef 133.3	+2.6	AGA	. 365	8	Gen. Pro, Trust 2.90		MHI	538	+4
Goaseer	GASE	+ 25	Alfa Lavai	. 325	-2	Hardie (James) 3.21 Hartogen Energy 2,81	+0.03 +0.03	Mitsui Estale	857	+10
	Rayer U 231.7	+ 3.5 + <u>4.2</u>	Astra (Frae)	. 395	: -7	Herald Wyllmes 4.1	0.85	Mitsukoshi NGK Insulators	805	-7 -10
Velenbar Mer 180 -17	Bayer-Verein 373xd	+7 +3	Atias Depco Cardo /Free) Cellulosa	655	, +1	Jimberiana F.P. 0.5	! :	Hihon Gement Nippon Denso	99 0	20
	1944 - 329.5	+9.5 +6	I Electronix B	. 247	-6 -1	Lend Lease 6.5	- 0.2			+10
SELGIUM/LUXEMBOURG	Commerzbank 238	+ 19 + 7	Ericsson Esseite	. 380	:	Mayne Hickiess 2.99 Myer Emporium_ 1.00	3 : —O.88	Hippon Express. Nippon Gakki Hispon Kokan Nippon Oil	1,320	-50 -1
June 18 'Price + or	Cont'l. Gummi 149.5	+ 5.5 + 11.5	Mo och Domsjo. Pharmacia	190 135 xe	+3	Het. Aust. Bank. 4.10	5 '0.01	Nippon Oil	999 313	454 10
. Frg. :	Dogussa 348	-6	Saab Scania Free Sandyik	. 870	+5	Nicholos Kiwi 1.7	5 ' + D.02		674	-4 3
6.B.L	O'sche Babcock, 100	-3	Skandia Skan Enski'da 9KF	. 47	-5 -1.5	Narth Skn Hill.— 2.24 Oekbridge 0.83	i —0.81	Nippon Suisan	380	+7
SCHOOL 5,950 -40	Deutsche Bank 555,8xd - Drestner Bank 228,2xd -	+ 7_9	St Kooparbergs Sven Handleson	140	+3 +1 -1	Ploneer Conc. 1.77	(0,0)	NTVYusen	320	+9
Cockerii 2,485 +30	Hochtlef	+ 1.0	i Sweiyosh Matah	. 185	3	Poseidon		Nissan Motor Nisshin Flour	532	8 8
Content GBR	Hoesch Werke 111 -	+4.4 -1	Velvo 6 IFreel	417	: +1	Reckitt & Coln 5.45		Homura	1,210	-9 +50
Fabrique Hal 2,010 +10	Horton 178.2	+4	SPAIN			Santos	+0.02	Orient Leasing	3,100	-10 -10
GBL (Brux) 1,925 -40	Carstagi	+ 5,2 + 2.3	June 18	Price	+ or	Tooth 0.8	, -D.04	Denomer	728	_5 -5
Hoboken 5,450 -40	KHD DAG	+ 5.9 + 2	}	Ptas		Vamgas 0.02 Western Mining _ 5.7	0.9 5	Ricoh	1,300	
Kredielbank 9,000	1 Linde 404 6	-1.5 -11.5	Bco Bilbao Bco Central	347 322	: ==	Westpac Bank 4.0 Woodside Petrol 1,35	+ 0.82	1 Sm # ****	A73	. 7
Petrofina	MAN 199	-0.3	Boo Exterior	. 199 102	: ₂	Woolworths 2.75 Wormald Intl 3.8	+ 0.05	Sekisul Prelah Seven Eleven Sharp	8,400	: _100 -3
200 Con Banq 5,400 -40		19	Bco Popular Bco Santander	344	. ~5			i Ohimadzu	720	-15 +35
Soffna	Munech Rusek 1040 .	+ 1 - 50	Oragados Hidrole	140 78.7	_3.5	HONG KONG		Shienogi Ohiseido	1,120	-10
Solvay	Porsche	37 29	Petroleos	90.5 155 122	+ 1.5 - 2.7	June 18 Prior	+ or	Sony Stanley 8'tome Bank	3,950 815 1 900	20 9 +30
Tractionet 0,760 - 50 UCB	Rhein West Elect 181	6.5 0.8	Telefonics	122	-1.2	H.K.				-7 -11
DENMARK		2.8 3.5	NORWAY			Bank East Asia 22.2 Cheung Kong 14.8		O'tomo Marina 9'tomo Metal Taihei Dengyo	156	-i·
	1 Thyssen	- 12.5 - 0.5			٠.	China Light 14.4	· ' —0.1	Taisel Corp Taisho Pharm	264 1.100	Įĭ
June 16 Price + or	Veba 206	5.3	June 18	Kroner	+ 07	Hang Seng Bank 42.5	-1.75 -0.1	Takeda	803	-11 -20
Andelsbanken 300	Verein-West 089 +	4	Bergens Bank Borregaard	137 A36.5	-1.5	HK Kowloon Wh. 5.4 HK Land	o U.1	Teilin	478 800	+ 22
Baltic Skand 580 +5 CopHandelsbank 294 +5	Angewaden 915'P +	21,2	Christiania Bank DenNorske Cred	. 137	-0.5	INK Telsahona 88	_5	i Tokio Marine	990 .	. ~8 —0
D. Sukkerfab 475 Danska Bank 310 45	ITALY		Elkem	126.3 156	_3 _2	Hutchinson Wpa 93.0 Jardine Math 10.5		Tokyo Elect Pwr	2,150 240	+a
East Asiatio			Norsk Data Norsk Hydro	525xc	-2	Now World Osv. 3.5 Orient O'seas 8.1		Tokyo Sanyo Tokyo Style	689 932	+14
Forenede Damp. 155 +8	June 18 Price : -	-or	Storebrand	253	8	Oseas Trust Bk 3,15 SHK Prope 10,	6 -0.1	Tekyu Corp Toppan Print		_1ï_
GNT Hidg	Baneo Com'le 22,800	180				Shell Elect		Toray Toshiba Elect	475 350	+10
lyske Band 543	Bastogi IRBS 959 8.1 invest 3.880	-	SWITZERLAND			TV-8		TOTO	752 '	-6 +9 -30
Privalbanken 878 +4 Provinsbanken 347 +3	Gredito Varesind 4,270		June 18	Price	+ or	World Int. Hidns. 1.7		Toyo Selkan Toyota Motor Victor	1,210 1,590	20
Sophus Berend 1.040 +1	Finsider 70.2'	64		Pre.			_	Yamaha	710	=7
Superfor 418 + +5	Italcements 49800xa + Le Rinascenti 899 .	300 800	Alusuisse	802 5,850	-8 +40	JAPAN		Yamanouchi	850 :	-40 13
FRANCE	Montedison 1,878 -	27	Brown Bover! Ciba Geigy	0.000	-85		+ or	Yesuda Fire Yokogawa Bdge.	533 : 490	+8 -10
June 16 Price	Perelli 802 9,508		do. iPart Certsi. Oredit Suisse	2,440 2,685 2,750	-25	Yen		SINGAPORE		
Frs. —	Snia 8PD	46	FisheriGeo.)	890:	+8	Alesomoto 1,110 Alps Electric 1,520	50		Deles	
Empruni 412 1878 1,502 -4 Emorunt 7% 1973 8,975 -5	do Pre1 12,300 -	95	Hoff-Roche PtCts Hoff-Roche 1/10, 1200bs Suchard.	9,050,	m 11.25	Amada	+51	June. 18 :	Price	+ or
Accor 574 , +8	NETHERLANDS	_)	Jelmell Landis & Gyr	2,280	+20	Asahi Glass 880 Bridgestone 358 Canon 1,130	+5	Boustand Hidgs	1.60	+0.01
BIO 5491	VE I HEKEMINDS		Hestie,	6,125.	+10	Casic Comp 1,000	+20 -50	Cold Storage	5.05	+0.05
Bongrain 1,939 — 5 Bouygues 803 — 18 BSN Gervais 2,510 +5	June 18 Price +		Pirelli		+5	Chugai Pharm 1,070 Gitizen	-20	Oenting	2.19	+D,05
iiT-Algalel	ACF Holding 915 +		Sandoz 19r) Sandoz (PtCtsl Schindler (Pt Cts/	1,393	+75	Oalel	+5	Incheape 6hd, Keppel Shipyard	2,35	-0,81
Carrefour 2,170 +15 Glub Mediler'n 320xc +10	AECON 99.7x0 +	U,#]	Si K3	1.320	-20	Dai Hippon Ptg., 1,120 Oniwe House 578 Ebara	: +5	Malay Banking Malay Utd. Ind	5.7	+0.05
De Banceire 642xc -14 Cofimeg 292.3 +0.5	AKZO 108.3 +	0.9	Suruelilance Swissair	2.230	+10	Ebara 421 Elgaj 1,800 Fanue 7,570 Fuji Bank 1,600	-170	Multi Purpose	0,84	+0.06
Damart	AMEV 248,7 +	0.7	Swiss Bank	11,300	+4 -350	Full Film1,850	+40	OUBPublie Bank	8.14	+0.02
	Bredero Cert 171.5 Bos Kalis Westm. 18,7		8wiss Volksbk Union Bank Winterthur	3,993	‡8° (Fuji Film 1,850 Fujisawa 852 Fujitsu 1,030	mmm.	Sime Darby Singapore Press.	1.93	-0.91 +0.06
M. Aquitane 210 —2,8 ssiler	Buehrmonn Tet. 90.5 ~		Zurioh Ins	84,675	-36	Oreen Cross	-13	Straits Trdg Tet Lee 9k	4.4	+0.02
ien Occidentale 720 —9 metal ——— 105 —\$	Dordtache Pet'm; 179 +	1.2				Heiwa Real Est. 935 Hitachi		UOB	4.05	+0.04
atarge Deppee. 583 +1	Fekker 127.3. +:	1 ľ	AUSTRALIA June 16	Price		Monda		SOUTH AFRICA		
egrang 2,821 59	Heineken 148 +0	0.3		Aust S.	_ ,	House Food	-30	June, 18	Price ! Rand	+01
elra 8.A 1,863 —11]	Int Mueller 49.8 +0	0.5	ANZ Group	4,45	+ 0.05	Itoh ICI 444 Ito. Yokado 9,530	‡11	Abereom	1,55	
lidi (Cia) 2,585 -45 [Naarded	0.5 Z	Ameoi Pet	18			28	AE&CI	8	+0.15
loct Hennessy 1,960 +8	Nat Ned Cell 68.6 + 1 Ned M'd Bank 195 + 3	.3	Aust. Cons. Ind.	8.46	+0.02	JACCS	130 5	Angio Am Coal:	60	+2+0,25
enod Ricard 161 -5	Nedlioyd 101.4[Oce Grinten 361 +1	2.5	Aust, Guarantee . Aust. Nat. Inds	2.3B	+0.86	Kao Soap	·1	Anglo Am Corp' Anglo Am Gold' Barciays Bank	18.9	+1
errier tas 3	Ommeren (Van). 28.7 +0	2.8	Bell Group	8,74	-0.06	Kashiyama 698 Kirin 707	+3	Barlow Rand	12.2 75,75	+0.2 +1.5
AUMANT S A 401 -7	Philips	14 6	tond Coro Hidee'	1.22 .		Kokuyo	·	Buffels	2,7	-0.05
adiotech	Rodemoo 138.5 0	L5. 8	lougai nyille	2,6	. 0.81	Konishiroku 585	-10	De Beers	10.55	+0.26
ousut Uclar, 1,600 -5	Romento,	1 8	rambles Inda	8,4	+0.05 +0.05	Cumagal	-60	Oriefontein	51	+3.25
kiskossanol 1.560xc -11	Juliever	1 8	RA	5,06	-0.02	(yoto	+9	ligfivel¢ Steel	4.68	+0,06
element Elect. 2.540 +40 1	VNU. Hatter 1 198.5	[8	SR	£.73 5.72	+0.11	Myakita	-10 10	Nedbahk	15.50	*********
aleo 218 · +\$	West Utr Bank 104,5	<u>ĕ</u>	coles (C.J.)	3,68		Marudai	-8	Protea Hidgs	0,88	70.6
		- 10	CONSOLIDATED POR	0.35	*******	WES SIGN WORKS 760	-20	Safren	62	+0.15 -0.26
NOTES—Prices on this prices and are to		he jo	ostain Aust Juniop Olympic.	2.16	-0.04	M'ta Elec Works. 790 M'bishi Bank 1,600 M'bishi Bank 590	-io	SA Brews	10 8,25	+0.85
uspended. xd Ex dividend. xc	Ex scrip issue. ar Ex right	s. E	nerg Res	1.46	-v ,	MANIANI E SECTION 405	+1 1	Tongaat Hulet	6.7	
					I,	W'b shi Estate 825	-18	Inites	5.10 _,	141 100 117

Sales	Stock	Hegh	Low	Close	ومدا	Sales	Stock	High	Law	Close	Chang	Sales	Stock	High	Low	(2020	Chang	Sales	Stock	High	Low	Class
	TOR	ON	TO			1621 200	Coseka Fl Canton A	295 \$13	291 13	291 13	-4	50 6800	LON Cem Lecana	\$121 ₇ \$11	125 11	121 ₂ 11	+ %	3533 7977	Tex Can Thom N A	\$31½ \$21¾	91 21	31 213
	Prices	at 23	Opm.			26227	Crowns	520%	20	2014		3079	LL Lac	38112	601,	9112	+ 11,	44949	let Dm 6	323	23	2314
	ħ	me 18				3700 84907	Czer Res Daon Dev	188 435	184 420	186 425	+1 +5	1003 4900	Lobiaw Co Lumonics	\$28%	20%	20%	- 8	4850 20250	Torstar 6 1 Traders A I	\$25%	25h	254
400	Abti Prce	\$184	183,		-1a	1400	Denison A	p 8 12%	1277	124	+ 1	000	MICC	\$21 325	2004 320	201, 320	- 5	520	7ms Mit	\$227g \$117g	1 17	227
955 9575	Acklands Agnico E	5161 ₃ 5163 ₄	10	10	+14	5400 10458	Denison 8		117	1115	_	11564	Mclan H X	\$14ia	143,	1474	+ %	60403	TrnAlta UA	S264	26	261
100	Agra Ind A	584	814	87	+14	750	Dickese A 1 Dickese 6	1 585 ₈ 1 563,	672	65g 63g	+18	15500 35774	Meriand E Moison A I	385 T	385 163	385 1634	-5	53240 20272		5273 435	263 ₄ 430	773
1530 1000	All Energy	\$191	187	187,	-36	5200	Doman A	225	67 ₇ 225	225	_	500	Muiphy	\$2115	2115	211	- ta	98395	Triton A	\$22	224	435
52	Alta Nat Algoma St	81514 \$221 ₂	1514 22L	1514 2234	+14	3364 18160	Dotasco Du Pont A	\$25% \$18	253g	255 ₁	+ %	15000 39342	Nabisco L	\$2714	271	2714	- 14	2788	Trizec A f	\$225 \$26	26	26
862	Aracen	\$ 181	224	1618	-14		Dyles A	\$431 ₇		1U 43¼	+ 1	92604	Norænda Noræn	\$155 \$155	15¼ 15	154 15	- 18	34500 475	1orbo 1 Un Carbid	53 \$117,	51 113,	52 115
15000 124	Atop I I BP Canada	595 5314	814	812	+4	600	Elethorn X	\$6 T	8	8	+ 1	63207	Nva AltA I	\$612	614	61-	+16	2660	U Entprise	\$ 113.		113.
	Bank BC	\$554g	317	31% 55	-39	500 15900	Emeo Equity Syr	818 \$7	18 67a	18 7	- 1 ₄	600 22872	Nowsce W NuWst ap A	\$1912	190	102	+ 19		U Keno	203	914	23 ₀
	Benk N 6	\$1414	51 ₂	14	+18	355D	C Falcon C	\$17%	17	17%	+ 1	1401	Oakwood	441 ₂	42	42 °	-2	1500 6319	U Suscoe Versti A 1	80 T	80 480	80 480
480	Barrick o Baton A f	140 \$17%	138	140	+1	3060 10800	Fichbroge	\$1912	19	19	- 1	20510 15200	Oshawa A	328-4	2874	2834	+14	100	Vestgron	\$1110		114
1222	Bonanza A	395	385	385	-3	300	Fed Ind A	\$239 ₄ \$231 ₄	231 ₂	2334 2314	-14	365	Pac W Airin Pamour	\$133g	13¼ 9¼	13\ 8\a	-14	10 1333	Weldwod Westort o	5144	144	145
45 100	Bratome Bramaies	465 \$19%	460 1914	385 485 181 ₄	+5		F City Fin	8133	133.	133,	+3	1460	PanCan P	\$330,	33%	3334		15300	Westerin	\$134		131,
80	Brends M	285	1914	654	-3-		Gendis A Geac Como	\$297	293,	297	أيري	100 1600	Place GO	Sala	Bla	84	- 1a j	4150	Weston	\$85	640	85
85	BCFP	59	87 ₈ 242	9	-% +%	4200	Geocrade	\$97 ₅ 282 573 ₄	280	9; ₈ 280	+ '5 + 1	25543	Placer	133	133 235	133	+ 5-]	3401 1200	Woodwd A Yk Bear	\$10°4 \$674	182 ₄	183 ₄
118 1005	BC Res BC Phone	247 \$24	242	242		6500 3560	Gibraltar Goldcorp I	5734	712	75g	-18	40	Provigo	\$22	22 385	22 395	- 14		Total sales			-
200	Brunswk	\$ 123,	237 ₈ 125 ₈ 161 ₂	237 ₈ 123 ₄	+ 10		Goodyear	\$67 ₆ \$40	63 ₄ 40	40	÷8	1800 2350	Que Sturg o	395 \$7%	385 71a	395 73	+ 35			4,,		
19155 XX	COL A	8163 ₄ \$143 ₄	161 ₂	16%		3000	Grandina	70	70	70		7100	Redoath	\$1212	712	1213	+ 4					
20	Card Fry	3144 \$15	15	143 <u>.</u> 15			GL Forest Hrding A I	5 21 143	21 145	21 145	+14	4636 2500	Rd Stenns A		21%	215	`					
90	Campeau I	\$25%	251.	25%		5400	Hawker	\$2034	201-	2012		800	Rogers A	\$11 8104	103 ₄	11	+2		MON	тъ	2 A 1	
	C Nor West C Packra	\$2214 \$2834	22	. 22 294	-%		Hayes () rices Inti	\$105 \$213	103	101	+16	800	Scopine	\$574	51 273	51 27	-5					
400	Can Trust	3373	290 ₄	375	- 14		H Bay Co	5214 520	215	215 20	+ %	500 105800	Scotts 1 Sears Can	\$27ig	2734	273 ₄	-4		Closing p	nces.	June	17
	C Tung CGE	\$123 ₄ 571	1234	123,	+16	23415	Imasco	\$20 \$27	19 ¹ 2 26 ³ 4	2674	+14	115668	Shell Can	\$26	25	253	- 5	40891	Benk Mont	\$30		293,
	Ci Bk Com	835%	71 351	71 351 ₂	+1		indal Inland Gue	8155 ₈ 5201 ₄	15½ 20%	151 ₂ 201	- 1g	2825 725	Sheinn Sloser 8 1	\$714 \$12	7 115e	714	#1		CN. ConBath	\$304 \$15		3014 18
	Cire A I	\$10%	103	1015	+16/	123750	Inti Thom	\$41a	Q T	9	- 1	11400	Souther	312 \$541 ₂	54	5412	761	1627	Dom1xtA	3105a	105	1072
	Cara Celanasa	\$14'2 \$7'8	734	1412	+ 4		impr Pipe Iosco	\$415g	4114	415	-[6]	1025 56971	St Broccsi	\$20%	20	2014	+ %				20%	204
100	Centri Tr	\$1314	151	1314	+51		'yannock		143	1414		3000	Steleo A Sydney o	82014 28	201 ₉	201 ₄ 28	-2	1000				20
	Cineplex C Distb A	563 ₄	67	694	#		Kelsey H	\$40	40	40	1	4500	Talcorp	93	93	93	+2		Royal Bank			30%
600	CDIMED 8 1	\$65 \$105	65 105	65	+4		Kerr Add Lebets	\$161 ₄ \$267 ₈	101 ₈	191 <u>.</u> 265	÷':	4300	Teck Cor A	\$191; \$133 ₂	195	1912	1			32 14 \$40		214
900	CTL Benk	\$10 ³ 8	1012	10%	٦- ١		Lac Marts	\$281	275	28	+6		Teck 8 I	\$13	133 ₂ 133 ₂	133 ₀	-31		Total Spies		_	Ares.

ı	Assoc Energy	57	+ :
П	BL	39	+ 6
П	Bett Bros	59	+ 5
١,	Birmingh. Mint	235	+10
11	Consgold	543	+16
П	Countryside Prop	242	+10
U	Distillers	299	+ 13
١.	Duport	44	+ 4
11	Extel	355	+27
11	Grand Met	292	+ 7
11	Johnson Matthey	90	+ 7
H	Microvitec	66	+11
П	New London Oil	145	+ 12
Н	Nottingham Man	268	+12
Н	Peters Stores	83	+ 9
	Ricardo Cons	100	+10
П	Strong & Fisher	140	+10
П	Tricentrol	217	+10
П	Utd Wire	193	
ı	Vontage Vine Vin	365	+11
Н	Vantona Viyella	305	+21
	FALLS		
	BSR Int	60	8
Н	Fenner (JH)	125	10
Н	Hanson Trust		~ 8
Н	Sunlight Service.	203	- 7
П		-	
ľ			
. 8	tock Sales High	Low Las	ct Cha
	(Heds)		

Indices

	- }				1	1.			1985	Since D	noperph	
		June 16	Jone 17	June 14	June 13	12	Jon 11		Low	High	Low	AUSTRALIA Ali ord.(1/1/80)
ledart	infs	1,201.52*	1.298.39	1,306.9	1,290.1	8 1,309,3	1.313	84 1327. 18/8		61327,28 8/8/89	\$1,22 12/7/32	Motals & Minis
Transp	oci	638.86	639.86	638.9	629.6	8 842.2	e51.	33 #59.8 (6/6)		\$59.22 (8/6/85)	12.32 (8/7/32)	Credit Aktien (
لظانا	-	184.96*	164.55	164.6	162.9	163.7	78 163.	73 184.7 117/5		184.75	10.5	BELGIUM Brustels SE (1)
Trading			82.1e	93m	1870	57.7	102	1	1 1	(77/5/85) _	(ZW4/42)	OENMARK Copenhagen 8
	-				June 7	1	fay 31	May	24	Year Age (FRANCE CAC General (6
lant Pina	Vinte I	%		-	4.66		S.65	4.7		4.8		Ind Tendance
_		WD POOR				_	-	<u> </u>				GERMANY FAZ Aktien (5)
>1/4401	-							19	185	Since Co	سنعاد	Demmerzbank
		Jame 16	June 17	Juna 14	June 13	June 12	June 11	High	Low	High	Low	HONG KONG Hang Seng Bar
Indust	riple.	286.19*	285,61	Z\$6,44	284.54	297.19	208.85	211.13 (6/14)	128.24 (4/1)	211.13 (6/6/85)	3.62 (30/6/32)	STALY Banca Demm
Compo	erite	187.88-	186.53	187.15	125.33	187.61	120.04	1\$1.86 (8/6)	163,68 (4/1)	181.06 (8/8/86)	S.48 (1/6/32)	JAPAN** Hikkel-Dow (16) Tokyo SE New
					June 5	×	tay 29	May	22	Your Ago ((aprox)	NETHERLANDS
		h			3.71 11.78		3.76 11.58	3.7		4.1- 18.9		AHP-CBS Gene #NP-CBS Indus
		d Yield			10.05		0.50	10.7		13,4		NORWAY Oslo SE (4/1/88)
LY.S.E	ALL C	COMMON						RISI	ES AND FA	us		SINGAPORE
		1.	Τ. Π		1935			T	Jone	Jene	Jame .	Straits Times (
June 18	Jun 17		Jone 13	High	Lov	፫ ፣	erine tradi		1.969	2.002	2.012	SOUTH AFRICA JSE Gold (28(5))
188.5*	104.2	108.56	187.70	118,83	186). 44/	43 R			677 852	1 B43 517	488 1,107	JSE Indust (20/8
				, m			changed		440	447	437	SPAIH Madrid SE (28/1
						k Actin	n Stoc	ks				SWEDEN Jacobson & P
			Stocks Traded	3,00p.	1 00	key			Stocks Tracked	7.05p.m.	on Day	SWITZERLAHO SwissBank Opn
Pan Am	200	2,	750,400	37	-	外服	ng Maked	k 1	,222,798 ,169,808	1974	spek spek	WORLD
·		<u>1</u> .	353,800	23%	+	% RC	A		,054,298 901,200	45%	+ 14	Capital Intl. (1/
Serry	****	1, 1 Decline	<i>2</i> 27, 190	154	• -	W .F	Meclan.		208,409	±5 1	- %	
080077								T-	19	85		
			- 1	June 18	June 17	Jenne 14	3100e 13	H	lgh	La	,	•• Setui
		s & Minks		1,898.8° 2,717.8°	1,888.9 2,712.7	1,981.4 2,712.6	1,884.9 2,898.5	21年7 27年1		1895.0 2348.5		Sess velus 264.3, and Au
OHTRE		nposite ratoko	 [133.3*	1337.00	133_12	132.14	135.5	6/8	117.00	(4/1)	Ştandard ənd indicəs basəd Industriels əli

	June 18	June 17	June 14	Juno 1\$	High	85 Low
AUSTRALIA All ord.(1/1/80) Motes & Minis. (1/1/80)	840,2 485,5	941,5 498.5	849_4 485.8	847.0 498.7	904.5 (20 <i>1</i> 5) 585,8 (20 <i>1</i> 5)	715,8 <i>(7)</i> 1 862,5 17/1
AUSTRIA Gredii Aktien (2/1/62)	105,08	165.78	104,55	185,44	106,73 (17/6)	65.21 24
BELGIUM Brussels SE (1;1:80)	2522.35	2527,28	2325,63	2540,27	S684,15 (5(6)	2090.7 (18)
O ENMARK Copenhagen 8E (5/1/85)	192,65	181,56	_	181,62	195,59 (11/8)	158,44 18/1
FRANCE CAC General (61/17/62) Ind Tendance (28/12/14)	223.2 125.1	224.9 125.7	223,50 125,1	226,7 127,0	253,1 (61/6) 150,4 (81/5)	188,9 (8:1) 108,1 (5/1/
GERMANY PAZ Aktien (51/12/58) Demmerzbank (1/12/58)	470,02 1590.5		483,25 1565.8	454,94 1378,9	478,28,12,6) 1599,5(18,8)	592.58 18. 1111.8 /5
HONG KONG Hang Seng Bank(81/7:84)	1427.68	(c)	1441,97	1482,91	1647,98 17-6	1229.74 12
ITALY Banca Demm Ital (1572)	334,20 ¹	202,03	324,29	322,85	334,28 (18/8)	223,56 (2/1)
JAPAN** HTKK61-Dow (16:5:43, Tokyo SE New (4 1,88)	12741.1 1811.57		12885.\$ 1006,78		12790,8 150/5 ₁ 1812,17 (17/8)	11645_2 (6) 816.93 (4)
NETHERLANDS A HP-CBS General (1878) A NP-CBS Indust (1878)	209.8 175.0	200.7 174.2	205.9 172.4	208.7 178.3	214.5 <i>(718)</i> 178.6(11/8)	165,8 (5)1) 147,8 (å;1 _[
NORWAY Oslo SE (4/1/88)	£26.25	330.84	829,45	535, 3 7	345,97 (5/61	209, 18 (2/1
BINGAPORE Streits Times (1088)	791.92	778.05	778,84	784.86	852,65 ,7/81	764,58 119
SOUTH AFRICA ISE Gold (28(5)78) ISE Indust (28(8)78)	= ;	IU) .	985.7 968,8	582,5 960,2	1140.8 (15/4 ₁ : 973,8 (24/5/	886.1 (71g 787.1 7g
8PAIH Madrid SE (28/18:84)	106.56	107,27	108,5P	109,18	117.41 (4/2)	181,48 (2:1)
WEDEN Jacobson & P (31/65)	1513,64	1821.45	1524, 17	1888.7\$	1486,88 11/8)	1615,\$0 187
SWITZERLAHO SWISSBANK Opn. (31:12,58)	484.1	484,2	432.7	455.7	458,4 (7,6)	\$88.7 /8/11
WORLD Capital Intl. (1/1/78)	_	\$10.8	210.S	209.S	214.5 (7/8)	184.5 4:11

** Saturday June 15: Jagan Nikkei-Oow 12,753.38. TSE 1,009.83.

Sase velue of 81 indices are 100 except JSE Gold—255.7. JSE Industriel—
264.3, and Austrelia. All Ordinary and Matals—500. HYSE All Common—50;
Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto
indices based 1975 and Momres! Pontolio 4/1/83. † Excluding bonde, 4 400
Industriels alus 40 Utilities. 40 Freencists and 20 Transports. c Closed a Uneventable.

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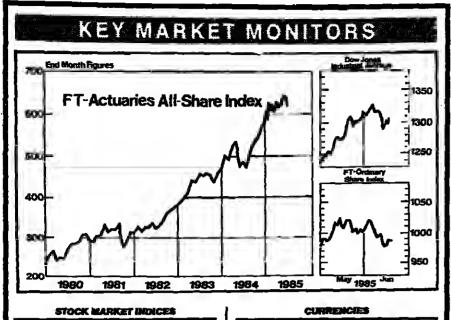
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HOTEL DES ARTISTES - FRANTEL

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FINANCIAL TIMES WORLD STOCK MARKETS



June 18 Previous Year ac

639.86 164.55

640.57

NEW YORK

DJ Industrials

S&P Composite	187.17*	186.53	151.73
LONDON			
FT Ord	985.8	988.3	832.2
FT-SE 100 FT-A All-share	1,284.0 621.21	1,284.4 620.53	1,042.6 494.54
FT-A 500	679.30	678.59	539.91
FT Gold mines	436.8	431.6	656.0
FT-A Long gift	10.56	10.59	10.78
TOKYO			
			0,082.5
Tokyo SE	1,011,50	1,012.10	775.17
AUSTRALIA	040.0		646.3
All Ord. Metals & Mins.	840.2 495.3	841.5 498.5	422.7
AUSTRIA			
Credit Aktien	105.09	105.73	54.33
BELGIUM Belgian SE	2.326.35	2 327 26	_
CANADA			
Toronto Metals & Minis	1.890.8*	1,888.9	1,923.0
Composite	2,717.8	2,712,7	2,225.8
Montreal	133.30*	133.00	108.09
Portfolio	133.30	133.00	100.09
DENMARK			
SE	192.65	191,59	182,13
FRANCE	****		
CAC Gen Ind. Tendance	223.2 125.1	224.9 125.7	164.8 85.7
		160.7	40.7
WEST GERMANY		463.25	338.24
FAZ-Aktien Commerzbank	470.02 1.390.5	1,365,8	979.9
		.,	
HONG KONG Hang Seng	1,427.08	1,441,94	932.37
ITALY	of Mail and	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
Banca Comm.	334,20	332.83	197,96
	40.1140		
METHERLANDS	200.0	200.7	1407
ANP-CBS Gen ANP-CBS Ind	209.8 175.0	209.7 174.2	149.7 118.7
HORWAY	326.23	330.04	246.05
Oslo SE	920.23	300.04	270.00
SINGAPORE			
Straits Times	781.92	778.05	920.63
SOUTH AFRICA			
JSE Golds	~	995.7	961.5
JSE industrials	_	966.0	959,5
SPAIN			
Madrid SE	106.53	107,27	86.77
SWEDEN			
Jap	1,313.80	1,321.45	1,422.02
SWITZERLAND Swiss Bank Ind	434.1	434.2	355.4
WORLD	June 17	Prev	Yearago
Capital Int'I	210.8	210.8	172.7
CO	MMODIT	7E\$	

(London) Silver (Spot found)

London

Zürlch

Paris (rixing)

New York (Aug

Oil (spot Arabian light)

£2,023.50

June 18 \$324.75

\$319.50

\$319.25

GOLD (per ounce)

€2.052.0

_	1983	1984 1985 May 1985 Jun
		CURRENCIES
_		
	Year ago 1,109.65	U.S. DOLLAR STERLING
	466.46	(London) June 18 Previous June 18 Previous
	123.36	S 1.2995 1.2795 1 DM 3.028 3.0615 3.935 3.915
	151.73	Yen 247,5 248.65 322.0 318.25
_	14(1.70	FFr 9.2425 9.335 12.025 11.9575
		SwFr 2.5385 2.5745 3.3 3.2925
	832.2	Guilder 3.4165 3.451 4.4475 4.415
	1,042.6	Lira 1,936.5 1,951.0 2,518.0 2,495.0
•	494.54	BFr 61.15 61.85 79.45 79.1
,	539.91 656.0	CS 1.3675 1.3705 1.7745 1.7539
	10.78	
_	10.70	INTEREST RATES
		Euro-convencies June 18 Prev
	10,082.5	(3-month offered rate)
_	775.17	2 12% 12% 12% 5% 5%
		DM 5% 5%
	646.3	10% 10% a
	422.7	FT London Interbank fixing
_		(offered rate) 3-month U.S.\$ 7½ 7½
3	54.33	6-month U.S.\$ 71/m 71/m
_		U.S. Fed Funds 6% 7
		U.S.3-month CDs 7.00° 7.20
5	-	U.S.3-month T-bills 6.66° 6.74
_		U.S BONDS
	4.000	
,	1,923.0	Treasury June 18" Price Yield Price Yield
	2,225.8	
	108.09	9% 1987 1011% 8.348 101% 8.43 1 11% 1992 1091% 9.825 109% 9.88
<u>'</u>	100.09	111/4 1995 1081%2 9.886 1081/4 9.94
		11% 2015 1091% 10.219 109% 10.26
•	182,13	Corporate June 17* Prev
_		AT&T Price Yield Price Yield
	164.8	10% June 1990 102 9.85 102 9.85
	-	3% July 1990 81% 8.50 81% 8.50
_	85.7	8% May 2000 85 10.80 85 10.80
		Xerox
í	338.24	10% March 1993 100% 10.50 100% 10.50
	979.9	Diamond Shamrock
		10% May 1993 100% 10.60 100% 10.60
ı	932.37	Federated Dept Stores
_		10% Mey 2013 95.083 11.20 95.083 11.20
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3	197.96	11,80 Feb 2013 105,961 11,10 105,961 11,10
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_		FINANCIAL FUTURES
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•	246.05	CHICAGO Latest High Low Prev
_		U.S. Treasury Bonds (CRT)
5	920.63	8% 32nds of 100%
_		June 79-30 80-00 79-12 79-14
_		U.S. Treasury Bills (IMM)
7	961.5	\$1m points of 100% Sept 93.20 93.25 93.13 93.09
0	959.5	Certificates of Deposit (MIM)
-		\$1m points of 100%
7	86.77	June 92.84 92.85 92.79 92.73
•	00.7	LONDON
		Three-month Eurodollar
5	1,422.02	\$1m points of 100%
_		Sept 92.38 92.38 92.28 92.30
		20-year Notional Gift
:	355.4	\$50,000 32nds of 100%
-	Vaccation	June 106-29 106-28 106-20 106-12
	Yearago	
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		1989
_	Prev	1250
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	\$317.50 \$321.80	1150
		Mar Apr May Jun E

WALL STREET

Muted reply to cuts in prime rates

HOPES of an early reduction in the Federal Reserve discount rate blossomed on Wall Street yesterday although the response from stock and bond markets was restrained, writes Terry Byland in New York.

The cut in the prime rate from 10 to 9% per cent by several major banks offered confidence; however, investors waited for the Fed to confirm the trend

to lower rates.
Optimism held firm despite the action of the Fed to drain reserves by overnight matched sales of Treasury securities after federal funds fell to 6% per cent.
At 3pm the Dow Jones industrial average was up 4.14 at 1,302.53.

The stock market opened firmly and quickly broke through the Dow 1.300 mark, showing a gain of more than 8 in the first half hour of trading. Turnover

Banking stocks edged forward as the big money centre banks followed Morgan Guaranty and Bankers' Trust in moving to lower prime rates, although this will trim lending margins. The major bank stocks were unperturbed by federal fines imposed on several major names for failing during recent years to disclose large cash transactions.

A federal funds rate below 7 per cent

seemed to guarantee a cut in the federal discount rate from its present level of 7.5 per cent. The Fed's intervention was regarded as a temporary gesture, intended to slow down the fall in the funds rate. But the market refused to be impressed, and federal funds dipped again to 6% per cent, after the Fed's announcement of matched sales. Bond prices extended early gains to a quarter of a point.

The bank prime cuts brought gains for some capital investment stocks, such as heavy engineering, chemical and machine tool issues. But technology stocks made little recovery from their recent weakness, and auto stocks were lower. Falling world oil prices continued to undermine the leading oil stocks.

Among the blue chips, Exxon added \$% to \$52%, but IBM fell \$% to \$119% in heavy trading. Digital Equipment, second to IBM in data processing, slumped \$2% to \$86%. At \$72%, General Motors shed \$1, and Ford, at \$45%, was \$% off. Chrysler, at \$35%, was \$% down, with the acquisition of Gulfstream Aerospace due to be signed today.

Burroughs remained unchanged on the day at \$56% as Wall Street consigned to oblivion the aborted merger with Sperry. Sperry, still looking for a partner after the failure of two rounds of negotiation, gained \$% to \$52 in heavy trading as arbitrageurs built up their bid stakes. A \$365m write-off left B.F. Goodrich down \$1¼ at \$33%.

Standard Oil of Ohio, controlled by British Petroleum, edged up by \$1/2 to \$46% after saying it would challenge pro-posed rates on trans-Alaska pipeline

shipments.
Chemicals featured Monsanto, \$% higher at \$46%, and Dow Chemical, \$% higher at \$33%. In industrials, General Electric gained \$\% to \$60, Rexnord \$\% to \$14, and Colt Industries \$\% to \$61\%.

Airline stocks were generally firmer on the prospect of cost reductions through lower oil prices. American Air added \$% to \$44% and Delta \$% to \$47%.

But United tumbled \$2 to \$52% after agreeing to pay \$587.5m - a substantial part of the cash recaptured last week from the overfunded pension scheme-for Hertz Car Rentals. Stock in RCA, which has been trying to sell Hertz for three years, jumped \$1% to \$45% on the

The board of Kaiser Aluminum Chemical knew of no reason for the jump in the stock of \$% to \$13% in brisk trading. The weakening in the U.S. dollar brought support for drug stocks, which depend heavily on export sales.

The retail sector was brightened on

hopes that lower bank primes would

stimulate consumer spending.

In the money markets, rates continued to fall as traders anticipated a cut in discount rate. Treasury bills lost about four basis points and certificate of deposit rates dropped by as much as 15 basis points.

The bond market was held in check by expectations that the Treasury would announce before the end of the session a \$16bn funding package for the next quarter. But yields on long dated bonds dropped to about 10% per cent, the lowest in this cycle.

• The Wall Street report stated incorrectly on June 12 that North American Philips had predicted a loss for the quarter and full year. The electronics group in fact forecast "modestly lower" earnings for the year and "significantly" lower earnings for the second quarter.

LONDON

GILT-EDGED securities were the highlight in a London still starved of cash.

Most leading stocks were content to consolidate around their overnight prices as investors held off in front of tomorrow's debut of Abbey Life.

The generally subdued trading conditions were in part attributed to Wall

Street's negative performance on Mon-day, and the session was only relieved by a flurry of bid speculation. The FT Ordinary share index eased

The partly-paid Treasury 10 per cent 2004 edged up to 30%, longer-dated gilts achieved gains of about % but shorts im-

proved only marginally.

Chief price changes, Page 39; Details,
Page 38; Share information service,
Pages 36-37

AUSTRALIA

BOTH foreign and domestic buyers showed little interest in Sydney yesterday, and prices turned easier in dull

Further speculation that CSR had sold its interest in Delhi Petroleum to Shell Australia and BHP sent it 11 cents higher to A\$5.06.

Castlemaine Toohey continued easier, dropping 8 cents to A\$5.72 as Bond Corp confirmed it had been the mystery buyer of 9.9 per cent of the brewer's shares.

In a quiet mining sector, Western Mining shed 5 cents to A\$3.70, and MIM was A cents lower at A\$2.71, while North Broken Hill and Bougainville added 2 cents each to A\$2.24 and A\$2.00, respectively.

SINGAPORE

TECHNICAL factors in Singapore left shares modestly higher for the first time in six sessions. The Straits Times index gained 3.87 to 781.92.

Malaysia's central bank called for lower interest rates to stimulate the economy but was still concerned about the low morale among the banking fraternity.

Despite continued reverberations from the collapse of Hong Kong's OTB, banks ended higher, with Malayan Bank, OCBC and DBS adding 5 cents each to \$\$5.70, \$\$9.05 and \$\$5.85, respec-

HONG KONG

A HESITANT note was adopted in Hong Kong as the market opened after Mon-day's holiday, and this mood persisted throughout the day to leave prices de-Monday's news that the Hongkong

Bank and Bank of China had agreed to provide funds for the Ka Wah Bank did not assuage all of the nervous sentiment in the hanking sector. Hang Seng lost HK\$1.75 to HK\$42.50, but Hongkong Bank, which on Friday lost 15 cents, ended steady at HK\$7.30, and Bank of East Asia added 26 cents to HK\$22.20.

STRENGTH on Wall Street and in U.S.

credit markets pushed Toronto higher during the session.

A firmer bullion price attracted buyers to golds. Little Long Lac added C\$1½ to C\$61½, Placer rose C\$4 to C\$24½ but. Canamax continued lower to C\$5%,

down CS%. Gains were seen across the board in Montreal.

EUROPE

Peak levels confirm confidence

SPIRITED foreign buying dominated a record-breaking session in Frankfurt yesterday as bullish international and domestic factors combined to rekindle confidence.

The interruption caused by Monday's holiday gave the buying increased potnonday gave the buying increased pot-ency and aided the Commerzbank in-dex's fourth record for the month. The index added 24.7 from Friday's level to close at 1,390.50, placing it 2.2 above the previous high set on June 12. Expectations of falling U.S. interest

rates and increasingly optimistic fore-casts on the outlook for the West German corporate sector gave the signal to buyers who entered forcefully from the start of business and held command throughout the session.

An upwardly revised profit forecast by Volkswagen pushed it to the fore of mar-ket attention, and it finished DM 27.20 higher at DM 312.50.

Other automotive stocks carried forward included Porsche, up DM 29 to DM 1,289.00, BMW DM 9 to DM 425.50 and Daimler-Benz DM 8.50 to DM 825.50.

Insurer Allianz returned to favour, closing DM 25 higher at DM 1,400, while utilities Verba rose DM 3.50 to DM 206 and RWE DM 9.80 to DM 181.

Banks bounded shead, with Deutsche rising DM 14 to DM 555.50, Commerzbank DM 7 to DM 204.50, Bayer Hypo DM 7 to DM 342.00 and Dresdner Bank DM 7.90 to DM 229.20.

U.S. interest rate hopes also sparked demand on the bond market. The Bundesbank sold a relatively large DM 140.3m of domestic paper on the Frankfart bourse compared with sales of DM

67.3m on Friday.

Trading in other European stockmar-kets was restrained by caution as investors ignored U.S. interest rate trends and concentrated on domestic economic factors. Paris was depressed by news of a fall

deficit. Price falls were marginal. However, losses held a clear advantage over gains at the end of the sesssion. Peugeot was one of the leading losers, finishing FFr 7 down at FFr 401 while Michelin managed a FFr 1 rise to FFr

in industrial production during April and details of the country's May trade

Printemp was sold during a generally

weaker session for retailers. It lost FFr 6 of the recent advance to end at FFr 277 while Galeries Lafayette struggled to close steady at FFF 5/5.

Consolidation remained the overriding influence on trading in Zurich, while the underlying tone remained pos-

Volume was moderate, bolstered by profit-taking among stocks which have been most keenly sought during recent

weeks. The machinery sector was clipped back as it entered a correction phase.

Fischer moved against the trend to add a further SwFr 8 to SwFr 890. Banks closed steady to marginally

higher which was sufficient to push the sector's index to a previous record level of 722.4 following a 2.1 rise.

Advances ontnumbered declines in Amsterdam, but the overall improvement was modest.

Banks were at the top of buying or-ders. ABN added Fl 4 to Fl 460, and NMB was Fl 2.50 higher at Fl 195, while Amro edged up 40 cents to FI 80.10 after a FI 1 rise at the start of trading. FGH

dropped 10 cents to F1 56.20 in otherwise unchanged mortgage banks.

Royal Dutch/Shell recovered ground to close F1 2.10 higher at F1 193.60, while other internationals were mixed. Philips eased 40 cents to Fl 50.80, and Unilever was unchanged at Fl 344.

Traders in Brussels tended to ignore bullish indications on local interest rates and trod delicately.

Solvay ran into a heavy round of selling to erode much of its steady improve-

ment and closed BFr 210 lower at BFr 4,400. Other chemical stocks were also

The tempo of activity in Milan remained high, although price movements were mixed.

Fiat firmed L64 to L3,555 while Pirelli added L10 to L2,680. Light trading persisted in Madrid, and most sectors posted small declines.
Stockholm continued quiet as the
Veckans Affarer all-share index dipped

to another low for the year with a 1.7

drop to 451.4.

Blue chips spearhead downturn

SELECTIVE buying of large-capital issues persisted in Tokyo yesterday, but declines in blue chips and biotechnology issues took the Nikkei-Dow market average lower for the first time in three sessions, writes Shigeo Nishiwaki of Fig.

The index shed 28.17 to 12,741.11. Volume swelled from 680.73m shares to 831.91m as trading focused on large capital stocks. Declines outpaced advances 481 to 307, with 152 issues unchanged.

Investors continued buying large-capi-tal stocks believing that lower U.S. inter-est rates would lead to another official discount rate cut, which in turn would push down domestic interest rates.

Mitsubishi Heavy Industries climbed to Y340 at one stage, surpassing the Y333 peak reached in 1981, and closed at Y336, up Y4, with the largest trading volume of 68.90m shares. Kawasaki Heavy Industries gained Y5 to Y194 and Ishikawaji ma-Harima Heavy Industries Y3 to

However, Nippon Steel, second with 53.29m shares, dropped Y3 to Y166, and

Kawasaki Steel Y1 to Y156.
Nippon Yusen (NYK Line) advanced
Y9 to Y320 with the third busiest turn over of 35.33m shares on investor confidence in the Government's deregulation plans of the shipping industry and the company's heavy off-the-book assets. Taiyo Fishery added Y8 to Y296.

Tokyo Gas, sixth largest with 21.95m shares, gained Y6 to Y243 after reports of the U.S. dollar's fall below Y248. Electric powers also gained ground, with Kansai Electric Power rising Y10 to Y1,950. Tokyo Electric Power remained

unchanged at Y2,160.

Blue chips remained out of favotir. Matsushita Electric Industrial was down Y20 to Y1,400, Sony Y20 to Y3,950, and Nippon Kogaku Y50 to Y1,150. By con-NEC Y10 to Y1,050.

Biotechnology-related stocks weak. Dainippon Pharmaceutical shed Y100 to Y3,580 and Green Cross Y70 to

Bonds moved widely. The overnight strength of U.S. long-term bonds sparked buying by institutional inves-tors in early trading, but the market

weakened later on profit-taking.

The yield on the benchmark 7.3 per cent government bond due in December 1993 moved up from 6.445 per cent to 6.450 per cent, while the yield on the misted 6.8 per cent government bond due in December 1994 fell from 6.505 per cent to 6.495 per cent to 6.495 per cent cent to 6.495 per cent.

SOUTH AFRICA

IMPROVED demand in golds shares, following a firmer bullion price, took Johannesburg higher.

Those to gain most included St Helena, up R2.50 at R37, Buffels, R1.50 higher at R75.75 and Beatrix ahead 35 cents Other issues followed the moward

trend. In mining financials, Anglo American Corp rose 25 cents to R29.25 and Gold Fields of South Africa added R1.50 to R33.

Diamond share De Beers put on 25 cents to R10.55 while among other mining stocks, Rustenburg Platinum added 15 cents to R15.65. Industrials were mixed to higher.

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